

CAREER
PATHS

Finance

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RISK

COST

EFFORT



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**CAREER
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Book
1

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Express Publishing

Scope and sequence

Unit	Topic	Reading context	Vocabulary	Function
1	Office supplies	Checkout sheet	pen, pencil, legal pad, envelope, marker, highlighter, binder, stapler, staples, tape	Describing a location
2	Office furniture	Catalog	desk, sectional, swivel, adjustable, office chair, ergonomic, store, file cabinet, bookcase, desk lamp	Giving reasons
3	Office machines	Email	computer, monitor, mouse, keyboard, printer, wireless, copier, toner, scanner, fax machine, shredder, shared, old	Describing condition
4	Financial documents	Advertisement	contract, application, letter of credit, insurance policy, business plan, legal tender, record, file, statement, review	Making an appointment
5	Cash	Petty cash rules	cash, coin, change, withdrawal, deposit, flow, petty cash, cash advance, expenditure	Gathering information
6	Numbers	Chart	is, equal, come to, and, plus, add, minus, less, subtract, times, multiplied by, over, divided by, hundred	Describing a problem
7	Changes in value	Sales report	increase, decrease, expand, shrink, grow, decline, peak, bottom out, fluctuate, steady	Describing changes in value
8	Balance sheets	Business letter	balance sheet, assets, intangible assets, fixed assets, accounts receivable, property and equipment, inventory, liabilities, owner's equity, accounts payable, total liabilities	Correcting an error
9	Using money	Financial advice column	spend, save, invest, debit card, credit card, monitor, charge, direct deposit, credit limit, track, purchase	Greeting customers
10	Bank accounts	Advertisement	commercial bank, checking account, check, quality, rate, provide, inquire, retail bank, overdraft, savings account, interest, accrue, credit	Explaining causes
11	Bank services and costs	Customer pamphlet	services, access, ATM, online banking, bill pay, letter of credit, transfer, cashier's check, returned, fee	Asking for more detail
12	Loans	Email	personal loan, auto loan, collateral, mortgage, interest rate, points, term, apply, early payoff penalty, closing costs	Adding information
13	Types of businesses	Business book	sole proprietor, owner, partnership, cooperative, corporation, incorporated, non-profit organization, LLC, private, public, shareholder, C Corporation	Clarifying information
14	Types of cost	Magazine article	cost, administrative, advertising, distribution, storage, production, labor, fixed costs, variable costs, total costs, business performance	Making suggestions
15	Budgets	Advice column	budget, income, debt, profit, overheads, plan, master, operating budget, cash budget, staff, sufficient	Explaining costs

Table of contents

Finance Basics

Unit 1 - Office supplies	4
Unit 2 - Office furniture	6
Unit 3 - Office machines	8
Unit 4 - Financial documents	10
Unit 5 - Cash	12
Unit 6 - Numbers	14
Unit 7 - Changes in value	16
Unit 8 - Balance sheets	18

Banking

Unit 9 - Using money	20
Unit 10 - Bank accounts	22
Unit 11 - Bank services and costs	24
Unit 12 - Loans	26

Business Finance

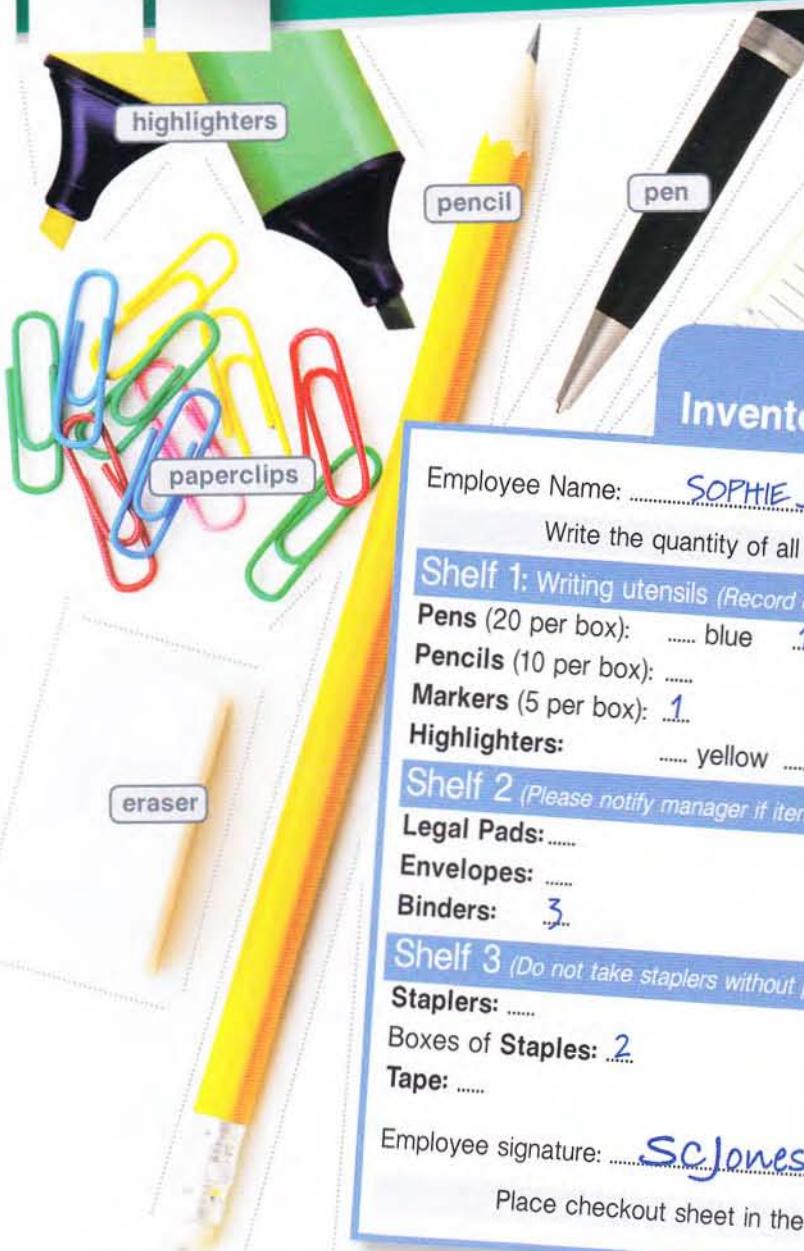
Unit 13 - Types of businesses	28
Unit 14 - Types of cost	30
Unit 15 - Budgets	32

Appendix

Glossary	34
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1

Office supplies



SUPPLY ROOM
Inventory and Checkout

Employee Name: SOPHIE JONES Date: 7/27

Write the quantity of all items you check out.

Shelf 1: Writing utensils (Record quantities in number of boxes.)

Pens (20 per box): blue black red

Pencils (10 per box):

Markers (5 per box): 1

Highlighters: yellow orange blue

Shelf 2 (Please notify manager if items from this shelf run below 5.)

Legal Pads:

Envelopes:

Binders: 3

Shelf 3 (Do not take staplers without permission from a manager.)

Staplers:

Boxes of Staples: 2

Tape:

Employee signature: SC Jones

Place checkout sheet in the box by the door.



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some common writing utensils?
- 2 What are some other office supplies?

Reading

- 2 Read the supply room checkout sheet. Then, mark the following statements as true (T) or false (F).

- 1 ___ The sheet shows how many of each item are left.
- 2 ___ The employee took twenty pens and five markers.
- 3 ___ The employee checked out two staplers.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | | | | | |
|---|-----|----------|---|-----|-------------|
| 1 | ___ | stapler | 4 | ___ | highlighter |
| 2 | ___ | envelope | 5 | ___ | legal pad |
| 3 | ___ | pencil | 6 | ___ | pen |

- | | |
|---|---|
| A | a tablet of ruled paper |
| B | a writing utensil with a graphite core |
| C | a tool used for attaching sheets of paper |
| D | a fluorescent colored marker |
| E | a writing utensil filled with ink |
| F | a paper sleeve in which to place letters |

4 Read the sentence pair. Choose where the words best fit the blanks.

1 tape / binder

A Sue put the finance report in a _____.

B Henry attached the sign to the door with a piece of _____.

2 marker / staple

A She drew a diagram with an orange _____.

B Jon bound the documents with a _____.

5 Listen and read the supply room checkout sheet again. What should you do if there are only three envelopes and two binders left on the shelf?

Listening

6 Listen to a conversation between two employees. Choose the correct answers.

1 What is the main topic of the conversation?

- A who to ask for new office supplies
- B the supply room contents and policies
- C where to find new checkout sheets
- D items missing from the supply room

2 What is the woman looking for?

- | | |
|-----------|-------------------|
| A pens | C legal pads |
| B pencils | D checkout sheets |

7 Listen again and complete the conversation.

Employee 1: Hey, Carl. Do you know where we keep the extra 1 _____?

Employee 2: Yeah. They're back in the 2 _____ . I'll show you.

Employee 1: Great. Thanks.

Employee 2: The pens and pencils are up here. Down there are the legal pads and binders, and on the 3 _____ is everything else.

Employee 1: So, can I just take whatever I need?

Employee 2: Yeah. You just have to 4 _____ one of these checkout sheets.

Employee 1: That's 5 _____ . Where do the sheets go?

Employee 2: 6 _____ in this box.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Do you know where ...

The pens and pencils are ...

Where do the ...

Student A: You are an employee.

Talk to Student B about:

- the office supply room
- where to find different supplies
- how to check supplies out

Student B: You are a new employee. Talk to Student A about where to find extra pens.

Writing

9 Use the checkout sheet and the conversation from Task 8 to fill out the office supply order form.



Finance Inc.

Office Supplies List

Quantity	Supplies needed
_____	_____
_____	_____
_____	_____
_____	_____

2 Office furniture

MODERN STYLE FURNITURE and DESIGN

Spring Seasonal Catalog
Modern Style!
Spring into Savings With

file cabinet



bookcase



office chair



Check out our spring selection of discount office furniture!

We have fully assembled computer desks with **ergonomic** keyboard trays.

\$100

Check out our new five-piece leather **sectionals** and leather chairs.

\$550

Our swiveling office chairs have adjustable height.

\$50

Our new **file cabinets** store and organize your documents. They are available in seven different colors.

\$125

All three varieties of our oak **bookcases** cost only

\$40

Any order over \$300 comes with a free **desk lamp**!

**ORDER ONLINE TODAY, OR VISIT
A MODERN STYLE LOCATION NEAR YOU!**



desk lamp



leather sectional

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What items of furniture are necessary in an office?
- 2 What items make working in an office more comfortable?

Reading

2 Read the page from a furniture catalog. Then, choose the correct answers.

- 1 What is the purpose of this catalog page?
A to describe a store sale
B to compare office chairs
C to advertise office furniture
D to announce a new store location
- 2 What is NOT true of the desks in the catalog?
A They are less than \$200.
B They have optional keyboard trays.
C They do not have to be assembled.
D They are intended to hold computers.
- 3 What comes with any \$550 purchase?
A a keyboard tray **C** a bookcase
B a leather chair **D** a desk lamp

Vocabulary

3 Place the words and phrases from the word bank under the correct heading.

Word BANK

sectional
file cabinet
office chair
ergonomic
adjustable
bookcase

Furniture to Sit On	Organizational Items	Furniture Descriptions

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

desk store swivel desk lamp

- 1 _____ extra pens in the supply room.
- 2 It's dark. Turn on that _____.
- 3 The new office chairs _____.
- 4 Kate worked at her _____ all morning.

- 5 Listen and read the page from a furniture catalog again. How many varieties of oak bookcases are available at the advertised price?

Listening

- 6 Listen to a conversation between an employee and his manager. Mark the following statements as true (T) or false (F).

- 1 ___ The employee's desk is not high enough.
- 2 ___ Working at the desk is uncomfortable.
- 3 ___ The manager will buy the employee an adjustable chair.

- 7 Listen again and complete the conversation.

- Manager: Hi Brian! Are you enjoying our new office?
Employee: The office is nice. But this 1 _____ is pretty uncomfortable.
Manager: Oh really? 2 _____ with it?
Employee: It's too high to use as a computer desk.
3 _____.
Manager: I see 4 _____ . I'll find you a different one.
Employee: I saw some for sale in the furniture catalog.
Manager: Oh yeah? 5 _____ do they cost?
Employee: Only a hundred dollars.
Manager: 6 _____ . I'll order one.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What's wrong ...

It's too ...

I'll find you ...

Student A: You are an employee. Talk to Student B about:

- a problem with office furniture
- reasons for the problem
- possibilities for new furniture

Student B: You are a manager. Talk to Student A about getting his or her office furniture.

Writing

- 9 Use the catalog and the conversation from Task 8 to fill out the furniture catalog order form.



MODERN STYLE FURNITURE and DESIGN

Spring catalog Order form

Qty	Description of Item	Price
		\$
		\$

3 Office machines



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What is some common office equipment?
- 2 What are some important computer accessories?

Reading

- 2 Read the email from a manager to employees. Then, fill in the blanks with the correct words and phrases from the word bank.

Word BANK

old shared computer
machines fax machine

The manager ordered some new office 1 _____ that will arrive today. Everyone will receive a new 2 _____ with accessories. The new printer, copier, and scanner will be 3 _____. The office will no longer use a 4 _____ . All documents will be sent via wireless Internet. Office employees will still use the 5 _____ shredder.

OFFICE SUPPLIES UNLIMITED

To: All Staff
From: Debra Manning <d.manning@financeadvisorsllc.com>
Subject: NEW OFFICE MACHINES

Well, team, I finally got a good deal on new office items. I put the order in last week. They are arriving today. Some of the items will be **shared**. However, everybody will be receiving a new **computer**, **monitor**, **keyboard**, and **mouse**. We will share the use of the new **printer**, **copier**, and **scanner**. Extra **toner** will be kept in the supply room. We are getting rid of that **old fax machine**. We will send all documents via **wireless** Internet from now on. I did not order a new **shredder**. We will still destroy any documents no longer needed using the old one in my office.

Debra Manning, Manager, Finance Advisors LLC

Vocabulary

- 3 Read the sentence and choose the correct word.

- 1 Sam made duplicates of the memo with the **monitor** / **copier**.
- 2 Connie destroyed the documents using the **shredder** / **mouse**.
- 3 The client sent the letter via **fax machine** / **scanner**.
- 4 If the copier isn't working properly, check the **keyboard** / **toner**.
- 5 Buy some paper for the **printer** / **monitor**.

4 Match the words (1-5) with the definitions (A-E).

- | | | | |
|---|------------|---|-----------|
| 1 | — wireless | 4 | — mouse |
| 2 | — keyboard | 5 | — monitor |
| 3 | — scanner | | |

- | | |
|---|---|
| A | a computer accessory that moves the cursor |
| B | a device that converts images of paper documents to computer data |
| C | a computer accessory used for typing |
| D | connecting computers to the Internet via airborne signals |
| E | the part of a computer that displays images |

5 Listen and read the email from a manager to employees again. Which office machine will the manager dispose of?

Listening

6 Listen to a conversation between a manager and an employee. Put a check (✓) next to the item(s) that might be causing problems.

- | | | | |
|---|-----------------------------------|---|-----------------------------------|
| 1 | <input type="checkbox"/> computer | 4 | <input type="checkbox"/> printer |
| 2 | <input type="checkbox"/> toner | 5 | <input type="checkbox"/> shredder |
| 3 | <input type="checkbox"/> keyboard | | |

7 Listen again and complete the conversation.

Manager: Well, Sam, how is the new 1 _____ working for you?

Employee: The computer is working great. And I love the 2 _____.

Manager: Good. Have you used the 3 _____ yet?

Employee: I have. It's 4 _____.

Manager: Is it? Sometimes it takes a couple of tries for the 5 _____ to come out right.

Employee: That's what I figured.

Manager: Of course, the 6 _____ the problem, too. Let me know if it sorts itself out.

Employee: Okay, I will.



Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

How is the new ...

I have.

That's what I ...

Student A: You are a manager.

Talk to Student B about:

- new equipment
- possible causes of a problem

Student B: You are an employee. Talk to Student A about the condition of new office machines.

Writing

9 Use the email and the conversation from Task 8 to fill out this product exchange form for a faulty machine.

OFFICE SUPPLIES UNLIMITED

Product Exchange Form

Company Name: _____

Purchase Date: _____

Product: _____

Reason for Exchange: _____

4 Financial documents

insurance certificate
statement
contract
Contract Date
application
file
HOME INSURANCE

Is your **business** in need of **Financial Guidance?**

Contact Sheila Spires • Accredited Financial Advisor
(817) 555-5555 • sheila@spiresfinancial.com

Sheila knows the world of finance! Financial advising services include the organization and review of the following documents:

- contracts • applications • letters of credit
- insurance policies

But that's not all. Sheila can assist in the creation of **business plans**. Not in business? Sheila advises clients on personal finance as well.

Get help managing your **records** and organizing **files**.

Bring by your bank **statements** for a free advisory session.

Will you be traveling soon? Stop by to find the best exchange rates for international **legal tender**.

*It's time to take control of your finances.
Call Sheila Spires for help with all financial matters, big or small.*

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What are some common financial documents?
- 2 What type of assistance can a financial advisor provide?

Reading

2 Read the ad for a financial advisor. Then, mark the following statements as true (T) or false (F).

- 1 ___ The advisor issues letters of credit.
- 2 ___ The advisor works in business and personal finance.
- 3 ___ The advisor will review bank documents for free.

Vocabulary

3 Write a word that is similar in meaning to the underlined part.

- 1 Both parties signed a document defining the terms of agreement. n r a c t
- 2 Our advisor has an organized collection of all our important financial documents. i o g z
- 3 The executives held a meeting to revise their company's goals and methods. s n g o l n
- 4 The business of making decisions about money offers a variety of career choices. b u s e l c o m
- 5 Don't turn in that report until it's been checked for errors. e ch e re ro rs

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

application record legal tender
statement insurance policy

- 1 The bank sends a monthly _____.
- 2 Pesos are not _____ in the U.S.
- 3 She has no defaulted loans on _____.
- 4 The effective dates and terms of liability are included in the _____.
- 5 To open the account, Jon filled out a(n) _____.

- 5 Listen and read the ad for a financial advisor again. How can Sheila Spires help people planning a vacation?

Listening

- 6 Listen to a conversation between a secretary and a caller. Choose the correct answers.

- 1 What is the purpose of this phone call?
A to revise a business plan
B to discuss new products
C to make an appointment
D to adjust a schedule
- 2 What will happen Friday morning?
A The man will meet an advisor.
B The woman will advise the man.
C The woman will schedule a meeting.
D The man will work on new products.

- 7 Listen again and complete the conversation.

Secretary: Spires Financial Advisory. How can I help you today?

Caller: Hi. This is Daniel Stonebrook, with Stonebrook Appliances. I'd like to make an appointment to 1 _____.

Secretary: Hello, Daniel, what is the appointment 2 _____?

Caller: I'd like to revise our 3 ______. We're considering taking on some new products.

Secretary: That's great. We 4 _____ on Friday the fourth at eleven a.m. Does that work for you?

Caller: Friday morning 5 _____. Thank you.

Secretary: Great. I'll put it on the 6 _____.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I'd like to ...

We have an opening ...

I'll put it on the schedule.

Student A: You are a financial advisory office secretary. Talk to Student B about:

- making an appointment
- the purpose of the appointment
- the time and date of the appointment

Student B: You are a financial advisory client. Talk to Student A about making an appointment to see an advisor.

Writing

- 9 Use the conversation from Task 8 to fill out the secretary's note.

New Appointment

Client Name: _____
Date: _____
Time: _____
Reason for Visit: _____

5 Cash

COLBY FINANCIAL

PETTY CASH POLICY

About the Fund

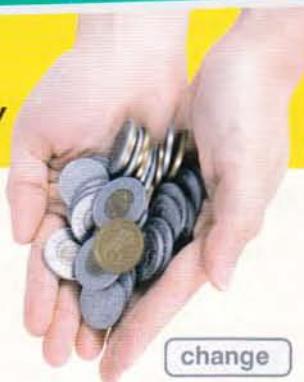
The **petty cash** fund is reserved for small, office-related **expenditures**. Weekly **deposits** will replenish the fund to its maximum level of \$100. The fund will consist of **cash** and **coins** only.

Withdrawals

Withdrawals must not exceed \$20. Record all withdrawals in the fund ledger. Acceptable expenditures include office supplies, gas for supply runs, newspapers, and coffee station items. Money from the fund may not be used for **cash advances**.

Receipts

Return all **change** from purchases and place receipts in the designated envelope. The accounting department monitors petty cash **flow** with these documents.



Get ready!

1 Before you read the passage, talk about these questions.

- 1 Do you prefer to use credit/debit card or cash for payment? Why?
- 2 What types of currency are accepted in your country?

Reading

2 Read the company's petty cash policy. Then, choose the correct answers.

- 1 What is the purpose of the posting?
A to maintain a balanced flow of money
B to explain the rules of petty cash use
C to replenish the petty cash fund
D to limit the amount of expenditures
- 2 What is NOT an acceptable petty cash expenditure?
A office supplies **C** newspapers
B coffee **D** cash advances
- 3 What must be less than twenty dollars?
A weekly deposits **C** the petty cash fund
B withdrawals **D** cash advances

Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|----------------|---|--|
| 1 | — withdrawal | A | the act of putting money into an account |
| 2 | — coin | B | motion or movement |
| 3 | — deposit | C | the act of taking money out of an account |
| 4 | — cash | D | money in the form of banknotes or coins |
| 5 | — cash advance | E | money in the form of a metal disc |
| 6 | — flow | F | a loan of money to be deducted from someone's paycheck on payday |

4 Read the sentence pair. Choose where the words best fit the blanks.

1 petty cash / change

- A This machine only accepts _____; no bills or credit cards.
B The _____ fund is only for business related expenditures.

2 currency / expenditure

- A New light bulbs were a worthwhile _____.
B This store does not accept foreign _____.

5 Listen and read the company's petty cash policy again. How much money should the petty cash fund have each week?

Listening

6 Listen to a conversation between an employee and a manager. Mark the following statements as true (T) or false (F).

- 1 ___ The woman wants to use petty cash.
2 ___ The expenditure will be more than \$20.
3 ___ The man gives the woman a receipt.

7 Listen again and complete the conversation.

Employee: Mr. Cole, the coffee maker is broken. Can I use 1 _____ to go buy a new one?

Manager: Sure, as long as it really doesn't work. That's an acceptable 2 _____.

Employee: It will cost a little more than twenty dollars, though. Can we 3 _____ to the maximum withdrawal rule?

Manager: Yes. That'll be fine. Will forty 4 _____?

Employee: Oh, definitely.

Manager: Okay, here you go. Bring back any 5 _____ and make sure you keep the receipt.

Employee: 6 _____. Thanks.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Can I use petty cash to ...
Can we make an exception ...
Make sure you ...

Student A: You are an employee. Talk to Student B about:

- a petty cash expenditure
- rules regarding petty cash
- change and receipts

Student B: You are a manager. Talk to Student A about using petty cash for an expenditure.

Writing

9 Use the conversation from Task 8 to fill out the petty cash withdrawal.

Petty Cash Withdrawal Ledger

Employee name: _____

Date: _____

Withdrawal amount: \$ _____

Items purchased: _____



How do they say it?



Symbol	Interpretation	Example
=	is, equals, comes to	$\frac{1}{2} = 0.5$ One-half equals point five.
+	and, plus, add	$A + B = C$ A and B comes to C.
-	minus, less, subtract	$A - B = C$ A less B is C.
×	times, multiplied by	$A \times B = C$ A times B equals C.
÷ or /	over, divided by	$A \div B = C$ or $\frac{A}{B} = C$ A over B equals C.
1,600	one thousand six hundred or sixteen hundred	The client deposited sixteen hundred dollars.

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 How are symbols like % and + pronounced?
- 2 What are some of the ways large numbers are said?

Reading

- 2 Read the chart. Then, mark the following statements as true (T) or false (F).

- 1 — Eight less two means the same thing as eight minus two.
- 2 — Nine times six equals nine plus six.
- 3 — Two over three equals two divided by three.



Vocabulary

- 3 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

add times less plus
comes to hundred

- 1 One _____ eight is nine.
- 2 _____ two and six to get eight.
- 3 Twelve _____ three equals thirty-six.
- 4 Five hundred and six hundred is eleven _____.
- 5 Three times eight _____ twenty-four.
- 6 Sixteen _____ four is twelve.

4 Read the sentence and choose the correct word.

- 1 Ten plus / divided by three is thirteen.
- 2 Start with fourteen. Subtract / Add three. This equals eleven.
- 3 Two plus seven equals / over nine.
- 4 Forty less / divided by four equals ten.
- 5 Nine over / plus three equals three.
- 6 Six multiplied by / divided by three is eighteen.

5 Listen and read the chart again. Which symbol is used to take away an amount from something? What is its interpretation?

Listening

6 Listen to a conversation between two employees. Choose the correct answers.

- 1 What is the dialog mostly about?
 - A borrowing money
 - B missing petty cash
 - C correcting a math error
 - D explaining an incorrect amount
- 2 What did the man do wrong?
 - A He subtracted instead of dividing.
 - B He multiplied by the wrong number.
 - C He forgot to update petty cash records.
 - D He removed money without recording it.

7 Listen again and complete the conversation.

Employee 1: Good morning, Matt. Do you 1 _____ ?
Employee 2: Of course.
Employee 1: I just checked the petty cash and 2 _____ . You were the last person to use it, weren't you?
Employee 2: Yes. What's wrong?
Employee 1: There's 3 _____ dollars in it. But the records say we should only have nine hundred.
Employee 2: Oh, that's my fault. I was going to pay for the new printer with cash. So I 4 _____ two hundred from the total.
Employee 1: But you didn't use it?
Employee 2: No, I used the credit card 5 _____. I just 6 _____ the records.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I just checked the petty cash ...

Oh, that's my fault.

I was going to ...

Student A: You have noticed a problem with the petty cash. Talk to Student B about:

- petty cash totals
- errors
- purchases

Student B: You recently used petty cash. Answer Student A's questions and explain a purchase.

Writing

9 Use the conversation from Task 8 to fill out the petty cash correction.

Petty Cash Correction Slip

Employee: _____

Date of Error: _____

Explanation of Error: _____

Incorrect Petty Cash Total: _____

New Petty Cash Total: _____



HENDERSON  **AUDIO**

First Quarter Sales Report

Overall, first quarter sales **increased**. However, some product sales **declined** sharply. I recommend immediate action. Otherwise, our market share will **shrink**.

Sales Trends

MP3 players: Sales of our X2 MP3 player **grew** through January and February. They **peaked** in early March.

Headphones: Headphone sales **fluctuated** in January. So we lowered prices. Sales became **steady** after that.

Microphones: Microphone sales **decreased** in January and **bottomed out** in March. **Expanding** our market share will be difficult. I suggest new advertisements and large discounts.

Robert Higgins, Sales Manager, Henderson Audio



Vocabulary

- 3 Place the words and phrases from the word bank under the correct heading.

Word BANK

bottom out peak decline
shrink expand increase

To Become Larger

To Become Smaller

- 4 Match the words (1-4) with the definitions (A-D).

- | | | | |
|---|-------------|---|------------|
| 1 | — grow | 3 | — decrease |
| 2 | — fluctuate | 4 | — steady |

- | | |
|---|----------------------------|
| A | not changing |
| B | to change frequently |
| C | to become larger or bigger |
| D | to become less or smaller |

Reading

- 2 Read the sales report. Then, mark the following statements as true (T) or false (F).

- 1 X2 sales were highest in March.
- 2 Headphone sales did not change in the first quarter.
- 3 Microphone sales were higher in March than in January.

- 5 Listen and read the sales report again. According to the sales report, which product had the least fluctuating sales?

Listening

- 6 Listen to a conversation between two workers. Choose the correct answers.

- 1 What is the conversation mainly about?
 - A sales report errors
 - B basic sales changes
 - C increased company sales
 - D reasons for increased sales
- 2 What does the man say about computer sales?
 - A They declined slightly.
 - B They rarely fluctuate.
 - C They are making him worried.
 - D They grew more than any other product.

- 7 Listen again and complete the conversation.

Worker 1: Rick, do you 1 _____ ?

Worker 2: Sure thing, Karen. What do you need?

Worker 1: Well, I missed your sales report. Can you 2 _____ ? I just need the basic changes.

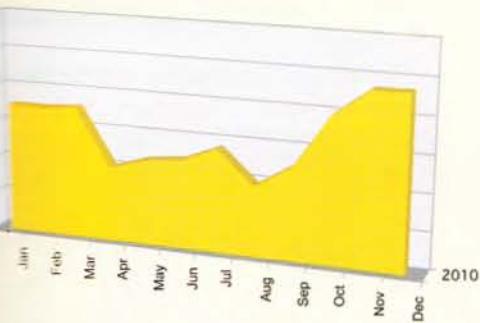
Worker 2: Of course I can. First, computer sales 3 _____ a bit.

Worker 1: Should we be worried?

Worker 2: No. Those usually 4 _____. And second, software sales 5 _____ ten percent.

Worker 1: That's great news!

Worker 2: It is. Software sales grew 6 _____ any other product.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I just need the ...

First, ... sales ...

That's great news!

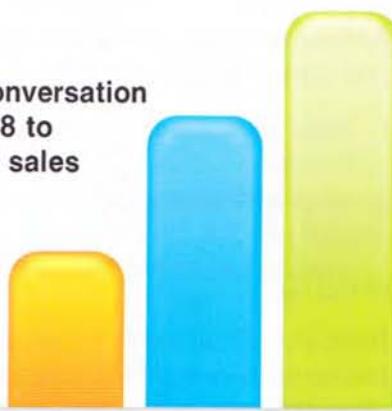
Student A: You are a salesman. Talk to Student B so that you get an understanding of the sales report. Ask about:

- fluctuations in sales
- if you should be worried

Student B: Answer Student A's questions describing changes in sales.

Writing

- 9 Use the conversation from Task 8 to fill out the sales report.



Jackson Manufacturing Sales Report

Product: _____

Sales Activity: _____

Product: _____

Sales Activity: _____

8 Balance sheets

Terry Mac, Accountant, K&M Accounting
5218 Terrace Drive
Davis, CA 53718

Dear Mr. Carson,

Here is a summary of the **balance sheet** reporting your company's financial position. Carson Electronics currently holds \$237,000 in **assets**. This includes \$10,000 in **intangible assets**, \$45,000 in **accounts receivable**, and \$80,000 in **inventory**. Your **fixed assets** amount to \$47,000 in **property & equipment**. Carson Electronics is currently responsible for \$230,000 in **liabilities**. This includes \$80,000 in **accounts payable** and \$100,000 in prospective salaries. You owe \$50,000 in long- and short-term debt. That leaves you with an **owner's equity** of \$7,000.

Please contact me if you have any questions regarding this summary.

Sincerely,
Terry Mac

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some things that are valuable to a business?
- 2 What things detract from a business's profit?

Reading

- 2 Read the letter from an accountant to a business owner. Then, choose the correct answers.

- 1 What is the purpose of the letter?
 - A to compare long and short-term debt
 - B to settle the company's outstanding debts
 - C to balance the company's financial position
 - D to summarize the company's financial position
- 2 Which of this company's assets are of the greatest value?
 - A intangible assets
 - B accounts receivable
 - C inventory
 - D fixed assets
- 3 What is NOT considered a liability?
 - A accounts payable
 - B short-term debt
 - C salaries
 - D property & equipment

Balance Sheet

Assets		Liabilities	
Current Assets:		Current Liabilities:	
Intangible Assets	\$10,000	Short term debt	\$20,000
Cash:	\$55,000	Accounts Payable	\$80,000
Accounts Receivable	\$45,000	Salaries	\$100,000
Inventory	\$80,000	Total Current Liabilities	\$200,000
Total Current Assets	\$190,000	Long-term debt	\$30,000
Property & Equipment	\$47,000	Total Liabilities	\$230,000
		Owner's equity	\$7,000
Total Assets	\$237,000	Total Liabilities & Owner's Equity	\$237,000



Vocabulary

- 3 Place the words and phrases from the word bank under the correct heading.

Word BANK

inventory accounts receivable
accounts payable property & equipment

Assets	Liabilities

4 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|----------------|---|---------------------|
| 1 | — liabilities | 4 | — owner's equity |
| 2 | — assets | 5 | — intangible assets |
| 3 | — fixed assets | 6 | — balance sheet |

- | | |
|---|--|
| A | the portion of assets belonging to the head of the company |
| B | things of value that do not exist physically |
| C | anything of value |
| D | things of value not easily converted to cash |
| E | debts and expenses |
| F | a document showing a company's finances |

5 Listen and read the letter from an accountant to a business owner again. How much does Carson Electronics owe in debts and expenses?

Listening

6 Listen to a conversation between a business owner and an accountant. Mark the following statements as true (T) or false (F).

- | | |
|---|---|
| 1 | — The man calls about a mistake in his liabilities. |
| 2 | — The man has more inventory than the report shows. |
| 3 | — The adjustment affects the owner's equity. |

7 Listen again and complete the conversation.

- Owner: Hi, Terry. 1 _____ Sam Carson from Carson Electronics.
- Accountant: Hello, Sam. Did you receive my letter?
- Owner: I did. But I found a 2 _____.
- Accountant: I'm sorry. 3 _____?
- Owner: Well, your summary reports \$90,000 in inventory. But 4 _____ \$85,000.
- Accountant: Okay. Thanks for telling me. I'll 5 _____ right now.
- Owner: Thanks Terry. 6 _____.
- Accountant: Not a problem. With the adjustment, your 7 _____ value comes to two thousand.
- Owner: Perfect. Thanks again, Terry.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I found one discrepancy ...

Your summary reports ...

I'll make the adjustment ...

Student A: You are an accountant. Talk to Student B about:

- a financial summary letter
- changes in values
- an adjusted equity value

Student B: You are a business owner. Talk to Student A about a discrepancy in inventory values.

Writing

9 Use the conversation from Task 8 to fill out the balance sheet adjustment letter.

Dear _____,
After adjusting your _____
value from _____ to _____,
your new _____ value comes
to _____.

Sincerely,



The Daily Money

Financial tips of the day

If your finances are disorganized, you might be losing money. These simple tips will change that!

- Monitor what you **spend**! Keep a notebook in which you can track your outgoings. Then, you can see which **purchases** were really necessary.
- Be careful with your credit card! It is best to keep your **credit card** at home and to use it for emergencies only. Use your **debit card** for everyday spending.
- Be responsible with your banking. Avoid **charges** by keeping within your **credit limit** and not overdrawing.
- Save money. Set up a **direct deposit** from your monthly paycheck. Then, you can be sure that your savings grow every month. When you have extra money, think wisely about how to **invest** it.

Get ready!

- 1 Before you read the passage, talk about these questions.

- What are some ways that people can spend money?
- What can you do to save more money?

Reading

- 2 Read the newspaper column. Then, choose the correct answers.

- What is the purpose of the article?
 - to give investment advice
 - to help readers choose a credit card
 - to suggest ways to organize finances
 - to warn readers about false bank charges
- According to the author, how can people increase their savings?
 - increase their credit limit
 - establish a direct deposit
 - track deposits in a notebook
 - invest money regularly
- Which is NOT a suggestion made in the article?
 - monitor purchases
 - reduce everyday spending
 - avoid going over a credit limit
 - use credit cards only when necessary

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | |
|---|------------------|
| 1 | — spend |
| 2 | — track |
| 3 | — credit card |
| 4 | — debit card |
| 5 | — save |
| 6 | — direct deposit |
- A to keep money so that you can use it later
 B a payment card that withdraws money from an account immediately
 C to watch or monitor something
 D to give money in exchange for something
 E a payment card that draws on a bank's money
 F an electronic transfer of money e.g. from an employer to an employee's account

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

invest monitor credit limit
purchases charges

- 1 Research a business before you _____ in it.
- 2 Customers that break overdraft agreements have to pay bank _____.
- 3 Pay all bills on time to increase your _____.
- 4 _____ your spending to eliminate waste.
- 5 Only use a credit card for large _____.

- 5 Listen and read the newspaper column again. Which card should you use to pay for an unexpected visit to the dentist?

Listening

- 6 Listen to a conversation between an accountant and an employee. Mark the following statements as true (T) or false (F).

- 1 ___ The woman calls about the man's credit limit.
- 2 ___ The man entered an expense in the wrong department.
- 3 ___ The woman will correct the man's error.

- 7 Listen again and complete the conversation.

- Employee: Hello. Marcus Smith 1 _____. How can I help you?
- Accountant: Marcus, it's Janet Evans here, the company accountant.
- Employee: Hello, Janet. What can I 2 _____ ?
- Accountant: I'm a bit 3 _____ a purchase you made. It was on the 20th of last month. You spent \$2,000 on "office furniture"?
- Employee: Oh, yes. That was for the new sofas in the 4 _____ .
- Accountant: Okay. So they are actually 5 _____ , not staff, right?
- Employee: Yes, that's right. Sorry, I entered the expense in the wrong column.
- Accountant: No problem, Marcus. 6 _____ . Thanks for clearing that up.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I'm a bit confused about ...

You spent ...

That was for ...

Student A: You are an accountant. Ask Student B about:

- a recent purchase
- what it was
- who will use it

Student B: You are an employee. Answer Student A's questions about a purchase.

Writing

- 9 Use the conversation from Task 8 to fill out the accounting record.

Accounting Dept.

June Purchases

Date: _____

Item: _____

Cost: _____

10 Bank accounts



Asteya Bank is India's leading **retail** and **commercial bank**.



We always do the best for our customers!

Our **checking accounts** come with debit cards and **checks**. We also provide **overdraft** protection for **qualifying** customers.

Our **savings accounts** are also a great deal! We offer **interest rates** from 1.30% to 3.65%. **Interest accrues** at a higher **rate** the longer you keep your money with us. So, choose a long term savings plan and let us take care of your future.

Special offer! Until July, we will **credit** all new accounts with 500 rupees!

It's our way to say thanks for joining us.

Feel free to **inquire** at any branch for more details.



Get ready!

1 Before you read the passage, talk about these questions.

- 1 What types of bank accounts are there?
- 2 What are the benefits of different account types?

Reading

2 Read the advertisement. Then, mark the following statements as true (T) or false (F).

- 1 ___ Customers must qualify for a debit card.
- 2 ___ Savings accounts gain more interest over time.
- 3 ___ The bank charges 500 rupees to open an account.

Vocabulary

3 Match the words (1-7) with the definitions (A-G).

- | | | | | | |
|---|-----|------------------|---|-----|----------|
| 1 | ___ | commercial bank | 5 | ___ | check |
| 2 | ___ | overdraft | 6 | ___ | interest |
| 3 | ___ | checking account | 7 | ___ | accrue |
| 4 | ___ | savings account | | | |

- | | |
|---|---|
| A | a bank account that offers interest and limits withdrawals |
| B | an amount of money a customer may spend beyond what is in his or her account |
| C | a slip of paper that provides payment |
| D | a private institution that provides banking services to the public |
| E | a bank account that allows regular withdrawals but pays no or little interest |
| F | to increase or gain |
| G | a percentage paid when money is loaned |

- 4 Fill in the blanks with the correct words from the word bank.

Word BANK

inquire provide rate

- 1 Does this bank _____ financial advice?
- 2 Savings accounts pay interest at a higher _____ than checking accounts.
- 3 _____ about Brookline Bank accounts at the customer service desk.

- 5 Listen and read the advertisement again. What does the bank suggest regarding saving money?

Listening

- 6 Listen to a conversation between a bank teller and a customer. Check (✓) the item(s) the customer needs in order to open an account.

- | | |
|--|---|
| 1 <input type="checkbox"/> overdraft application | 4 <input type="checkbox"/> minimum deposit |
| 2 <input type="checkbox"/> passport | 5 <input type="checkbox"/> driver's license |
| 3 <input type="checkbox"/> bank statement | |

- 7 Listen again and complete the conversation.

- Clerk: Good morning, Sir. How can I help you?
Customer: I have a question about your 1 _____.
Clerk: Certainly, Sir. What would you 2 _____?
Customer: What documents do I need to 3 _____?
Clerk: Well, we 4 _____ your passport, employment contract and a bank statement from your current bank.
Customer: Okay. Also, do I need to make a 5 _____?
Clerk: Yes, we ask that customers open accounts with at least 5,000 rupees.
Customer: Okay, thank you very much. I'll come back tomorrow with those 6 _____.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I have a question about ...
We need ...
Do I need ...

Student A: You are a bank clerk. Talk to Student B about:

- his or her question
- required documents
- minimum balances

Student B: You are a customer. Talk to Student A about opening an account.

Writing

- 9 Use the conversation from Task 8 to fill out the account application form.

Account Application Form

Name: _____

Type of Account: _____

Occupation: _____

Salary: _____

Required Documents: _____

Minimum Deposit Amount: _____



 ASTEYA BANK

Welcome to your new current account at Asteya Bank

Services

With your cash card, you have **access** to your money 24/7. What's more, we are the only bank to offer free withdrawals at other banks' **ATMs**.

Register for **online banking** and **transfer** money at your convenience. You can also sign up for our new **bill pay service**. Save time by paying all your bills from our website.

Costs

Our personal checking account comes at no charge*.

We provide **cashier's checks** for our customers for a small fee - Rs. 200 per check.

For business customers we can arrange **letters of credit**. Please inquire at your branch for exact charges.

* There is a **fee** of Rs. 1,500 for **returned checks**.



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What banking services do you use?
- 2 Which banking services do banks usually charge for?

Reading

- 2 Read the pamphlet. Then, mark the following statements as true (T) or false (F).

- 1 ___ The bank charges fees when customers use other banks' ATMs.
- 2 ___ Customers are automatically registered for online banking.
- 3 ___ Customers must pay for cashier's checks, returned checks and letters of credit.

Vocabulary

- 3 Match the words (1-7) with the definitions (A-G).

- | | |
|------------------------|----------------------|
| 1 ___ services | 5 ___ online banking |
| 2 ___ letter of credit | 6 ___ bill pay |
| 3 ___ ATM | 7 ___ returned |
| 4 ___ fee | |

- | | |
|---|---|
| A | a bank document guaranteeing payment of a large amount |
| B | banking services that can be accessed through the Internet |
| C | actions performed by a bank on behalf of the customer |
| D | a service that allows customers to pay bills from one website |
| E | an amount of money for a particular service |
| F | an electronic cash machine |
| G | sent back to a bank due to insufficient funds |

4 Write a word that is similar in meaning to the underlined part.

- 1 This bank offers a bill pay service at no extra cost. cost e
- 2 Use a bank check for large purchases.bank check
- 3 Move some money from savings to checking.move n
- 4 ATMs provide 24 hour ability to get money.ability s

5 Listen and read the pamphlet again. Which service does the bank offer that is not available at other banks?

Listening

6 Listen to a conversation between a teller and a customer. Mark the following statements as true (T) or false (F).

- 1 ___ The woman is at the bank to investigate a charge.
- 2 ___ The woman was charged for using another bank's ATM.
- 3 ___ The woman wrote a check for more money than she had in her account.

7 Listen again and complete the conversation.

Teller: Good morning, Madam. How can I help you?

Customer: I want to inquire about a charge on my 1 _____ . I have a copy of it right here.

Teller: Can you show me which charge?

Customer: This one. It's a 2 _____ for 1,500 rupees last month. What is it for?

Teller: Oh, yes. It seems 3 _____ was returned.

Customer: Really? 4 _____ why?

Teller: There were insufficient 5 _____ in your account.

Customer: Oh dear. Well, I guess I'll have to check 6 _____ more often.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I want to inquire about ...

It's a charge for ...

It seems that ...

Student A: You are a customer. Ask Student B about:

- a charge on your account
- what it is for
- why it was made

Student B: You are a bank teller. Answer Student A's questions about the charge on their account.

Writing

9 Use the conversation from Task 8 to fill out the bank charges statement.



June Statement

Account Holder: _____

Account Number: _____

Fees:

Date: _____

Change: _____

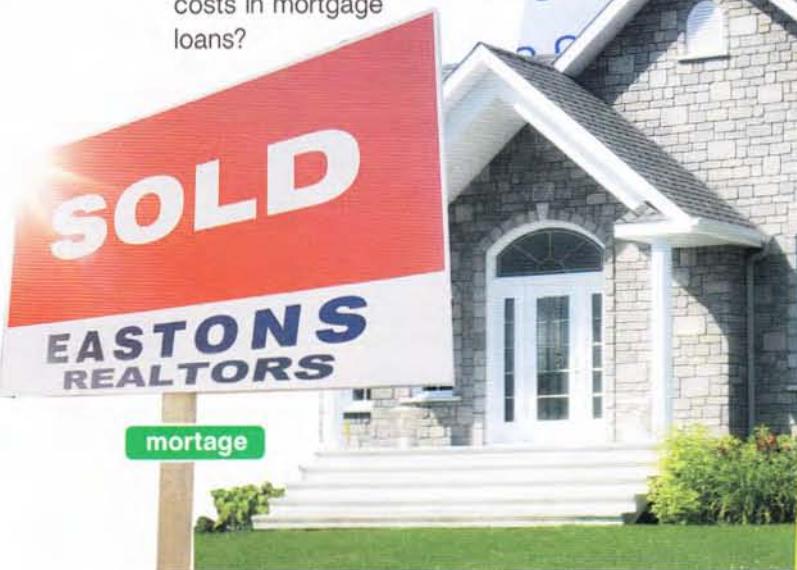
Reason: _____

12 Loans

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some reasons why people get personal loans?
- 2 What are some of the extra costs in mortgage loans?



Reading

- 2 Read the email advertisement. Then, mark the following statements as true (T) or false (F).

- 1 ___ The email is confirming a customer's loan application.
- 2 ___ Mortgages do not have early payoff penalties.
- 3 ___ A loan with a five-year term is a short-term loan.

Vocabulary

- 3 Match the words (1-5) with the definitions (A-E).

- | | |
|---------------------|----------------|
| 1 ___ collateral | 4 ___ apply |
| 2 ___ points | 5 ___ mortgage |
| 3 ___ closing costs | |

- | | |
|---|--|
| A real estate loan charges that lower interest rates | |
| B fees charged when a loan is signed | |
| C a loan where the borrower's house is used as collateral | |
| D to submit a loan application | |
| E an asset pledged by a borrower to secure an asset | |



To: Loyal Customer
From: New Century Credit Union
Subject: New Loan Offers!

New Century Credit Union is offering low-interest **personal** and ***auto loans**! We also have **mortgages** with 15 or 30 year **terms**. Our loan experts will advise you on **points** and rates.

Apply for a loan before summer and we will waive the **closing costs**. Take advantage of the historically low **interest rates**! The time to get a loan has never been better. And remember, **early payoff penalties** do not apply to short-term loans.**

Our financial experts look forward to working with you!

* Eligibility depends on **collateral** value, credit and loan amount.

** Short-term loans have terms of six years or less.

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

interest rate auto loan
early payoff penalty
personal loan term

- 1 A(n) _____ for a used car is much less than one for a new car.
- 2 The loan has a six year _____.
- 3 If you pay points, you can get a lower _____ on your mortgage.
- 4 The bank charged a(n) _____ because Hank paid all of his loan before the term ended.
- 5 Bank customers can use a(n) _____ to make any type of purchase.

- 5 Listen and read the email advertisement again. What happens if you apply for a loan before summer?

Listening

- 6 Listen to a conversation between a teller and a bank customer. Choose the correct answers.

- 1 Why is the man at the bank?
 - A to apply for an auto loan
 - B to ask about paying his loan
 - C to change the term of his loan
 - D to request a lower interest rate

- 2 What did the man do recently?
 - A receive money
 - B pay back a loan
 - C apply for a personal loan
 - D take an early payoff penalty

- 7 Listen again and complete the conversation.

Teller: Hi, welcome to First Choice Bank.

1 _____
_____ you?

Customer: I have a question about my 2 _____.

Teller: Okay, what can I 3 _____?

Customer: Well, I just received a large sum of cash.
I'd like to pay off the entire loan. Will I
have an 4 _____?

Teller: No. We don't 5 _____ those
anymore. But there is a waiting period.

Customer: Waiting period?

Teller: Yes. You have to wait at least six months
into the term to pay off the loan.

Customer: I see. I'll have to 6 _____
_____ a month or two.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I have a question about ...

I'd like to ...

You have to wait ...

Student A: You are a bank customer. Talk to Student B about:

- a loan
- a large payment
- penalties

Student B: You are a bank teller. Answer Student A's questions about the charge on their account.

Writing

- 9 Use the conversation from Task 8 to fill out the receipt for a loan payment.

The template is designed to look like a digital tablet screen displaying a receipt. At the top, it says "First Choice Bank" with a large yellow '1'. To the right is a yellow rectangular box. Below the logo, the text "Loan Payment Receipt" is centered. There are several input fields for the customer information: "Account Holder: _____", "Account Number: _____", "Type of loan: _____", "Interest Rate / Term: _____", "Loan Amount: _____", "Payment Amount: _____", and "Early Payoff Penalty ? Y / N".

Business for Everyone

Choosing a Type of Business

Which structure is right for your business?



You are the **sole proprietor** if you are the only **owner** of your business. As sole proprietor, you make all decisions about the business.



A business with multiple owners is a **partnership**. Partners share responsibilities and profits. You can also form a **co-operative**. In this structure, all employees share profits.

Larger businesses are often **incorporated**, and no particular person is responsible for the entire business. A common mid-sized **corporation** is an **LLC**. This type of **private** corporation is popular for its tax benefits. Much larger corporations, (**C Corporations**) are usually **public**. This means that anyone can buy stock and become a **shareholder**.

A **non-profit organization** is appropriate for charitable and community services. All profits go towards advancing the goals of your business.

Get ready!

1 Before you read the passage, talk about these questions.

- What are different ways that someone can own a business?
- How does a business's size determine its structure?

Reading

2 Read the chapter. Then, choose the correct answers.

- The purpose of the chapter is to ...
 - describe different business structures.
 - explain the risks of forming corporations.
 - list the steps towards business ownership.
 - encourage businesses to become non-profit.
- What can you infer about private corporations?
 - They cannot be LLCs.
 - They are usually larger companies.
 - Their stock is not available for public sale.
 - They are always run by sole proprietors.
- What is an advantage of an LLC?
 - It has tax benefits.
 - It is not incorporated.
 - One person runs the business.
 - Anyone can purchase its stock.

Vocabulary

3 Write a word that is similar in meaning to the underlined part.

- The people who own stock in the company are meeting to discuss the new financial plan.
— h a _ _ h _ _ d _ _ s
- Wetzel's Foods became a legal corporation last year. i _ _ o r _ _ _ a t _ _
- Tom was the company's only person responsible for making decisions.
— l e _ _ o p _ _ _ o r
- The board made the company available for purchase on the open market. — u _ _ _ c
- Darlene formed a business with multiple owners with her two brothers. p _ _ _ n e _ _ _ _
- Businesses with the rights of corporations but fewer restrictions are popular for their tax benefits. — C _

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

non-profit organization co-operative
private owner corporation

- 1 Smith Technologies is a(n) _____ company, so we cannot buy shares.
- 2 The local supermarket is a(n) _____ where all the employees share the profits.
- 3 A(n) _____ has most of the same rights as an individual person.
- 4 A(n) _____ invests all extra income in itself.
- 5 Angelo was the _____ of the firm until he sold it to a larger company.

- 5 Listen and read the chapter again. Why is it to an employee's advantage if the company they work for is a co-operative?

Listening

- 6 Listen to a conversation between a business owner and a financial advisor. Mark the following statements as true (T) or false (F).

- 1 ___ The woman recommends a partnership.
- 2 ___ A partnership is less financially risky than an LLC.
- 3 ___ The man approves of the woman's suggestion.

- 7 Listen again and complete the conversation.

Businessman: 1 _____ of business do you recommend for my new firm?

Financial Advisor: Well, I think an LLC is 2 _____ for you and your partners.

Businessman: Really? 3 _____ a simple partnership?

Financial Advisor: Starting a business is risky. If your company fails, a partnership will leave you all 4 _____.

Businessman: I don't quite understand. How is an LLC different?

Financial Advisor: An LLC protects its members from full financial responsibility. And you'll pay 5 _____.

Businessman: I like the 6 _____. Let's get started.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What type of business do you ...

I think a(n) ... is ... / How is a(n) ... different?

Student A: You are a financial advisor. Talk to Student B about:

- business types
- benefits and risks
- your recommendation

Student B: You want to start a business. Ask Student A for advice.

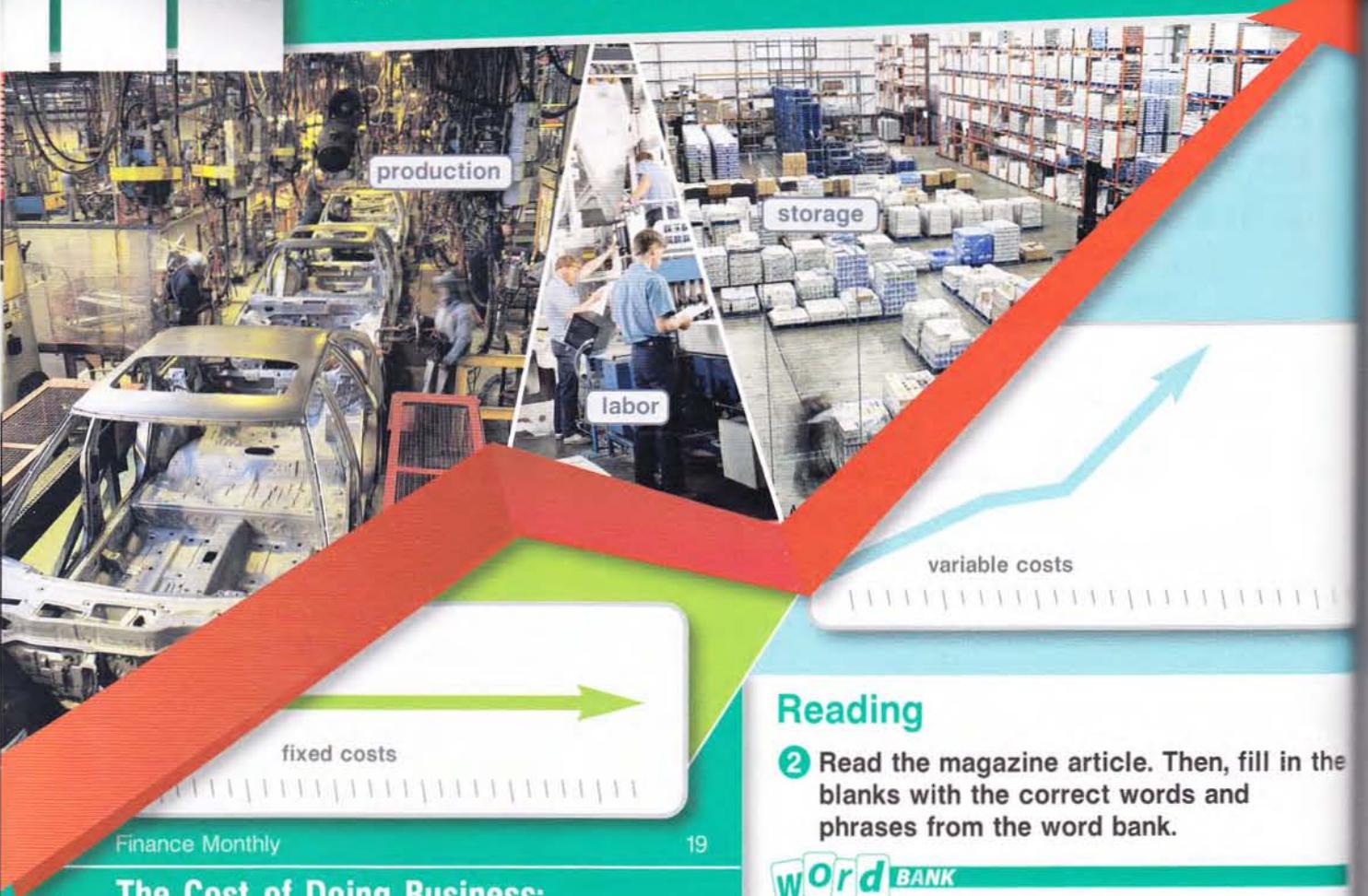
Writing

- 9 Use the conversation from Task 8 to fill out the business owner's notes.

A partnership is risky because _____

The advantages of an LLC are _____

14 Types of cost



Finance Monthly

19

The Cost of Doing Business:

Understanding Your Expenses

A successful business depends on effective **cost** management. You must understand the **total costs** of running your business.

Determining **fixed costs** is easy. These include office rent, taxes and other **administrative** expenses. Such costs rarely change.

Variable costs require more careful monitoring. These expenses change with **business performance**. As your business grows, you will see changes in the cost of **production**. You will likely increase your workforce, which increases the cost of **labor**. An expanding business must also be prepared to pay more for **storage** and **distribution**.

Also, remember that **advertising** is an important way to attract customers. Advertising is sometimes expensive, but it helps you make more money in the long-term.

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some costs of running a business?
- 2 How can costs change from month to month?

Reading

- 2 Read the magazine article. Then, fill in the blanks with the correct words and phrases from the word bank.

Word BANK

business performance
business owner increases
fixed costs advertising

A successful 1 _____ understands the total costs of running a business. 2 _____ such as administrative expenses, usually remain the same. Variable costs change with 3 _____. An expanding business often experiences 4 _____ in the costs of labor, storage and distribution. 5 _____ is an important cost that aids the growth of a business.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | |
|-------------------|----------------------|
| 1 ___ cost | 4 ___ total costs |
| 2 ___ labor | 5 ___ distribution |
| 3 ___ fixed costs | 6 ___ administrative |

- | |
|--|
| A involving the management of something |
| B work in exchange for pay |
| C an amount needed to pay for something |
| D expenses that do not usually change |
| E all the expenses of running a business |
| F the act of delivering something |

4 Read the sentence and choose the correct word.

- 1 The manager doubled spending on **labor / advertising** to attract more customers.
- 2 The extra products we made are being kept in **distribution / storage**.
- 3 The company's rapid growth caused a sudden increase in **variable costs / fixed costs**.
- 4 We decided to stop **total costs / production** until our sales improved.

5 Listen and read the magazine article again. How does it suggest your approach to variable and fixed costs needs to be different?

Listening

6 Listen to a conversation between a business owner and a financial advisor. Mark the following statements as true (T) or false (F).

- 1 ___ The company is not earning money.
- 2 ___ The man recommends reducing labor costs.
- 3 ___ The woman agrees to produce less.

7 Listen again and complete the conversation.

Owner: Thanks for seeing me, Mr. Francis.
Did you get my records?

Advisor: 1 _____ . And yes, I looked over your records.

Owner: So you saw that my company isn't 2 _____ . What can I do?

Advisor: I think you can reduce some costs.

Owner: How? I already 3 _____ labor.

Advisor: You produce more than you need. So you have a lot of 4 _____ .

Owner: That's true. Some packages are stored for months.

Advisor: I recommend 5 _____ . You'll save money on storage.

Owner: That's a 6 _____ . I'll do that.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What can I ...

I already ...

I recommend ...

Student A: You are a financial advisor. Talk to Student B about:

- costs
- reductions
- your recommendation

Student B: You are a business owner. Talk to Student A about your business.

Writing

9 Use the conversation from Task 8 to fill out the financial advisor's memo.



From the desk of Gregory Francis

MEMO

The company spends too much on _____.

I recommend _____.

You can save _____.

Get ready!

- 1 Before you read the passage, talk about these questions.

- How do business owners ensure they have enough money to run their businesses?
- What should business owners consider when making budgets?



Ask Dr. Money

Dear Dr. Money,

I am opening an auto parts store. I read in a magazine that businesses must have a **master budget**. My financial advisor already helped me prepare a **cash budget** and an **operating budget**. My business is small, with one location and four members of **staff**. Is a master budget really necessary?

Jerry in Oakville Falls

Dear Jerry,

For your small business, your existing **budgets** are **sufficient**. A master budget is only necessary for larger, more complex businesses. With accurate projections for **income** and **overhead**, your operating budget ensures you make a **profit**. Observing the limits of your cash budget prevents you from going into **debt**. Just follow your financial advisor's **plan** and you will be fine.

Reading

- 2 Read the advice column. Then, mark the following statements as true (T) or false (F).

- A financial advisor prepared a master budget for the business owner.
- The columnist does not recommend a master budget.
- According to the columnist, cash budgets are unnecessary for small businesses.

Vocabulary

- 3 Read the sentence pair. Choose where the words best fit the blanks.

1 **operating budget / income**

- A The accounting manager prepared a new _____ for the quarterly meeting.
B The greeting card company's _____ always increases during the holidays.

2 **budget / debt**

- A Sally will lose her business unless she can pay off a large _____.
B Thurmond wants a new desk, but the _____ for office furniture is too small.

3 **staff / plan**

- A The partners look forward to hearing the new _____ from their financial advisor.
B After a poor sales year, the company had to fire several _____ members.

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

master budget overheads profits
sufficient cash budget

- Ursula is worried because her income is not _____ to pay for her expenses.
- A(n) _____ includes several smaller budgets.
- The company executives moved to smaller offices to reduce their _____.
- A(n) _____ estimates future expenses, but not sales goals.
- The owner congratulated her employees for earning record _____ this year.

- 5 Listen and read the advice column again. According to Dr. Money, what should you do to prevent yourself from getting into debt?

Listening

- 6 Listen to a conversation between a business owner and a financial advisor. Choose the correct answers.

- 1 What is the purpose of the conversation?
 - A to suggest a new financial strategy
 - B to explain changes in the budget
 - C to describe the benefits of more advertising
 - D to teach the owner how to read a budget

- 2 What will the man likely do next?
 - A review budget changes
 - B recommend cutting costs
 - C suggest changing suppliers
 - D explain why costs increased

- 7 Listen again and complete the conversation.

- Owner: I'm confused about this new 1 _____. Can my business afford these new expenses?
- Advisor: It can, 2 _____ the budget.
- Owner: 3 _____. What about this increase in advertising expenses?
- Advisor: Last year, you spent nine percent of your budget on advertising. But costs went down. So you can 4 _____ on ads.
- Owner: Really? What costs 5 _____?
- Advisor: Your suppliers are charging you less per order.
- Owner: Wow. I 6 _____ my profits were so significant. Maybe you can 7 _____ some of these other changes, too.
- Advisor: Of course.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I'm confused about ...

Last year ...

Your suppliers ...

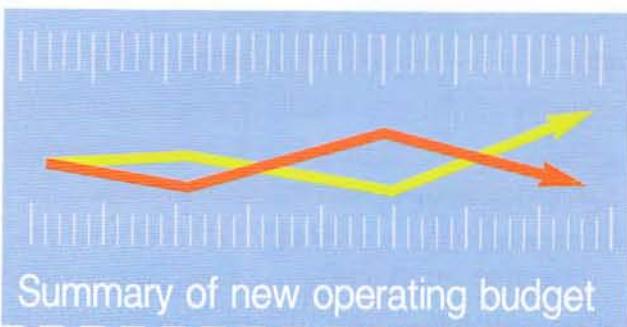
Student A: You are a financial advisor. Talk to Student B about:

- a new operating budget
- cost changes
- advertising budget changes

Student B: You are a financial advisor. Talk to Student A about a new operating budget.

Writing

- 9 Use the conversation from Task 8 to fill out the business owner's budget summary.



Decreased costs: _____

Increased costs: _____

Reasons for cost changes: _____

Glossary

access [N-UNCOUNT-U11] To have **access** to your money is to have the ability to withdraw it.

accounts payable [N-UNCOUNT-U8] **Accounts payable** is a debt of money that a company owes its suppliers.

accounts receivable [N-UNCOUNT-U8] **Accounts receivable** is money owed to a company for products sold on credit, and can be seen as an asset.

accrue [V-I-U10] To **accrue** means to increase as a result of steady growth or addition.

add [V-T-U6] To **add** numbers is to combine them.

adjustable [ADJ-U2] If something is **adjustable** it can be put in various positions or settings.

administrative [ADJ-U14] If something is **administrative**, it involves the operation or management of something.

advertising [N-UNCOUNT-U14] **Advertising** is the publication of advertisements.

and [CONJ-U6] **And** is used when combining or adding numbers. For example, one and one equals two.

application [N-COUNT-U4] An **application** is a form someone fills out to request employment, admission or some other manner of involvement with an institution.

apply [V-T-U12] To **apply** for a loan is to submit a loan application and try to borrow money from a bank.

assets [N-COUNT-U8] **Assets** are anything of value that can be converted into cash or otherwise invested to gain profit.

ATM [N-COUNT-U11] An **ATM** (automatic teller machine) is a computerized machine that dispenses cash to the customer.

auto loan [N-COUNT-U12] An **auto loan** is a loan to buy a car.

balance sheet [N-COUNT-U8] A **balance sheet** is a document that shows an analysis of a business's assets, liabilities, and owner's equity.

bill pay [N-UNCOUNT-U11] **'Bill pay'** is an online bill paying service that pays bills online instead of through paper checks.

binder [N-COUNT-U1] A **binder** is a plastic cover with rings in the spine for holding together loose sheets of paper.

bookcase [N-COUNT-U2] A **bookcase** is a piece of furniture with several shelves for holding books.

bottom out [V-PHRASAL-U7] To **bottom out** is to reach a lowest point.

budget [N-COUNT-U15] A **budget** is an amount of money that is available for a particular purpose.

business plan [N-COUNT-U4] A **business plan** is the official written statement of a business's goals and its intended methods of achieving those goals.

business performance [N-UNCOUNT-U14] **Business performance** describes the activity of a business in terms of how good or bad it is.

C Corporation [N-COUNT-U13] A **C Corporation** is a public company whose shares may be traded.

cash [N-UNCOUNT-U5] **Cash** is money in the form of government issued paper banknotes.

cash advance [N-COUNT-U5] A **cash advance** is a payment of cash money to an employee of a company, prior to a designated date of payment, the amount of which will be deducted from his or her paycheck on the date of payment.

cash budget [N-COUNT-U15] A **cash budget** is an estimate of future cash payments and receipts over the course of a particular period.

cashier's check [N-COUNT-U11] A **cashier's check** is a check drawn from the bank itself, rather than the customer's account.

change [N-UNCOUNT-U5] **Change** is an amount of money, usually small, made up of coins.

charge [N-COUNT-U9] A **charge** for services is the price asked for performing them.

check [N-COUNT-U10] A **check** is a method of payment; a written document ordering the bank to pay money on your behalf.

checking account [N-COUNT-U10] A **checking account** is a bank account from which money can be easily accessed.

closing costs [N-COUNT-U12] **Closing costs** are fees charged by banks and lenders when loans are signed.

coin [N-COUNT-U5] A **coin** is money in the form of official, government issued metal discs.

collateral [N-UNCOUNT-U12] **Collateral** is an asset pledged by a borrower to secure a loan and is subject to seizure if payments are not received.

come to [V-PHRASE-U6] To **come to** an amount is to add up to that number.

commercial bank [N-COUNT-U10] A **commercial bank** is a private bank that provides banking services to the public.

computer [N-COUNT-U3] A **computer** is an electronic device for organizing, transmitting, and displaying information.

contract [N-COUNT-U4] A **contract** is a written agreement between two or more parties wherein each party agrees to complete certain actions.

co-operative [N-COUNT-U13] A **co-operative** is a business that is owned by people who work in the business or who use its services.

copier [N-COUNT-U3] A **copier** is a machine that creates duplicates of paper documents.

corporation [N-COUNT-U13] A **corporation** is a large business that has legal rights and responsibilities.

cost [N-COUNT-U14] A **cost** is an amount of money that is required to pay for something.

credit [V-T-U10] To **credit** an account is to give or add something to it.

credit card [N-COUNT-U9] A **credit card** is a plastic card used to draw money from a bank at a rate of interest to the user.

credit limit [N-COUNT-U9] A **credit limit** is the maximum amount of money a customer is allowed to borrow from a bank by using their credit card.

debit card [N-COUNT-U9] A **debit card** is a plastic card used to draw money directly from the user's bank account.

debt [N-COUNT-U15] A **debt** is an amount of money that someone owes to a person or organization.

decline [V-I-U7] To **decline** is to lose value or become in worse condition.

decrease [V-I-U7] To **decrease** is to become smaller or lesser in value.

deposit [N-COUNT-U5] A **deposit** is an amount of money put into an account.

desk [N-COUNT-U2] A **desk** is piece of furniture with a writing surface, at which a person sits to complete paperwork or other tasks.

desk lamp [N-COUNT-U2] A **desk lamp** is an adjustable electric lighting apparatus for illuminating the writing surface of a desk.

direct deposit [N-COUNT-U9] A **direct deposit** is the electronic and immediate transfer of money into a bank account from an employer to an employee.

distribution [N-UNCOUNT-U14] **Distribution** is the act of delivering or spreading something.

divided by [V-PHRASE-U6] If a number is **divided by** another, it is split into that number.

early payoff penalty [N-COUNT-U12] An **early payoff penalty** is a penalty for paying off a loan before the term ends.

envelope [N-COUNT-U1] An **envelope** is a sealable paper sleeve in which to send paper documents through the mail.

equal [V-T-U6] To **equal** a number is to be the correct answer to a mathematical problem.

ergonomic [ADJ-U2] If something is **ergonomic** it is designed to minimize discomfort.

expand [V-I-U7] To **expand** is to become larger.

expenditure [N-COUNT-U5] An **expenditure** is the spending of money by a company on something.

Glossary

- fax machine** [N-COUNT-U3] A **fax machine** is a device that converts images of paper documents into electronic data to be sent over a phone line, and also receives electronic data, which it prints in the form of paper documents.
- fee** [N-COUNT-U11] A **fee** is the price for a particular professional service.
- file** [N-COUNT-U4] A **file** is a collection of documents regarding one person, company, or account.
- file cabinet** [N-COUNT-U2] A **file cabinet** is a rectangular box with drawers for organizing paper documents in file folders.
- finance** [N-UNCOUNT-U4] **Finance** is the business of deciding, studying or recommending how money should be spent or invested.
- fixed assets** [N-COUNT-U8] **Fixed assets** are physical things of value that are used for the production of goods but are not easily converted to cash, such as property, factories, and machinery.
- fixed costs** [N-COUNT-U14] **Fixed costs** are expenses that do not change depending on sales or production.
- flow** [N-UNCOUNT-U5] **Flow** is the continuous motion of something, as in the flow of money into and or out of an account.
- fluctuate** [V-I-U7] To **fluctuate** is to change frequently.
- grow** [V-I-U7] To **grow** is to become larger or greater in value.
- highlighter** [N-COUNT-U1] A **highlighter** is a special marker with fluorescent ink which emphasizes texts without obscuring them.
- hundred** [N-COUNT-U6] A **hundred** is combined with another number to abbreviate numbers in the thousands. For example, the number 2,300 could be stated twenty-three hundred.
- income** [N-UNCOUNT-U15] **Income** is the total money that someone receives from work, investments or other sources.
- incorporated** [ADJ-U13] If a business is **incorporated**, it is a legal corporation.
- increase** [V-I-U7] To **increase** is to become larger or greater in value.
- inquire** [V-I-U10] To **inquire** is to ask or question.
- insurance policy** [N-COUNT-U4] An **insurance policy** is a document issued by an insurance company as verification of a company's insurance coverage including the period of time, type of coverage, and monetary value of liabilities.
- intangible assets** [N-COUNT-U8] **Intangible assets** are things of value that are not physical, such as copyrights, customer lists, knowledge, and business connections.
- interest** [N-UNCOUNT-U10] **Interest** is a percentage price charged on borrowed money.
- interest rate** [N-COUNT-U12] An **interest rate** is a rate expressed as an annual percentage of an account or loan which is charged by a bank for borrowing its money.
- inventory** [N-UNCOUNT-U8] An **inventory** is a supply of goods held in stock by a company.
- invest** [V-T-U9] To **invest** money is to put it into an account or make a purchase offering a profitable return.
- is** [V-T-U6] If the answer to a mathematical problem **is** a number, it equals that number.
- keyboard** [N-COUNT-U3] A **keyboard** is a part of a computer with buttons for numbers, letters, and other symbols used for typing and other tasks.
- labor** [N-UNCOUNT-U14] **Labor** is work that someone does in exchange for pay.
- legal pad** [N-COUNT-U1] A **legal pad** is a stack of ruled, writing paper bound at the top.
- legal tender** [N-UNCOUNT-U4] **Legal tender** is legitimate currency for the payment of debts according to the laws of a particular place.
- less** [PREP-U6] **Less** is used when taking a number away from another.
- letter of credit** [N-COUNT-U11] A **letter of credit** is a document from a bank promising to pay an amount to a third party on behalf of a customer.

- Liabilities** [N-COUNT-U8] **Liabilities** are a business's debts and expenses.
- LLC** [N-COUNT-U13] An **LLC**, or limited liability company, is a type of business in which the owners have certain rights and tax benefits of a corporation without having the full restrictions of a corporation.
- marker** [N-COUNT-U1] A **marker** is a plastic tube with a semi-spongy tip, filled with colored ink or dye for writing.
- master budget** [N-COUNT-U15] A **master budget** is a detailed plan for reaching specific production and sales goals that includes several smaller budgets.
- minus** [PREP-U6] **Minus** is used when subtracting a number from another.
- monitor** [N-COUNT-U3] A **monitor** is part of a computer that displays information on a screen.
- monitor** [V-T-U9] To **monitor** is to observe something.
- mortgage** [N-COUNT-U12] A **mortgage** is a loan where the borrower's house is used as collateral.
- mouse** [N-COUNT-U3] A **mouse** is a computer accessory used to control a computer by rolling it over a surface and clicking its buttons.
- multiplied by** [V-PHRASE-U6] If a number is **multiplied by** another, it is added onto itself that number of times.
- non-profit organization** [N-COUNT-U13] A **non-profit organization** is a business or organization that uses surplus funds to pursue its purpose rather than pay owners or shareholders.
- office chair** [N-COUNT-U2] An **office chair** is a piece of furniture with a seat, a back, and sometimes wheels, on which a person sits before a desk.
- old** [ADJ-U3] Something that is **old**, is not new and has been used many times before.
- online banking** [N-UNCOUNT-U11] **Online banking** allows customers to perform banking transactions from their bank's website.
- operating budget** [N-COUNT-U15] An **operating budget** is an estimate of future income and expenses over the course of a particular period.
- over** [PREP-U6] **Over** is used when dividing a number by another.
- overdraft** [N-COUNT-U10] An **overdraft** is an agreement with a bank, allowing you to withdraw more money than you have available.
- overheads** [N-UNCOUNT-U15] **Overheads** are the costs of operating a business, including rent and utilities, that are not related to the product or service that the business sells.
- owner** [N-COUNT-U13] An **owner** is a person or group who possesses something.
- owner's equity** [N-UNCOUNT-U8] **Owner's equity** is the portion of a company's assets owned by the owner of a company after all liabilities have been accounted for.
- partnership** [N-COUNT-U13] A **partnership** is a business that is owned by two or more people.
- peak** [V-I-U7] To **peak** is to reach a highest point.
- pen** [N-COUNT-U1] A **pen** is an instrument for writing or drawing with ink.
- pencil** [N-COUNT-U1] A **pencil** is a slender length of wood or plastic with a graphite core used for writing.
- personal loan** [N-COUNT-U12] A **personal loan** is a loan that can be used for any personal reason or purchase.
- petty cash** [N-UNCOUNT-U5] **Petty cash** is a small amount of money for use by members of a company for expenditures.
- plan** [N-COUNT-U15] A **plan** is an action or set of actions that someone intends to complete.
- points** [N-COUNT-U12] **Points** are charges associated with obtaining a real estate loan that lower the interest rate.
- printer** [N-COUNT-U3] A **printer** is an electronic/mechanical device that prints computer data on to paper.
- private** [ADJ-U13] If a company is **private**, its stocks are not traded on the open market.

Glossary

- production** [N-UNCOUNT-U14] **Production** is the process of creating something, usually for sale.
- profit** [N-UNCOUNT/COUNT-U15] A **profit** is an amount of money that is earned in business after expenses are paid.
- property and equipment (P&E)** [N-UNCOUNT-U8] **Property and Equipment (P&E)** is the same as fixed assets, factories, machinery, and other physical means of production that are not easily converted to cash.
- provide** [V-T-U10] To **provide** something is to make it available for use.
- public** [ADJ-U13] If a company is **public**, its stocks are traded on the open market.
- purchase** [N-COUNT-U9] A **purchase** is an item for which someone has exchanged money.
- qualifying** [ADJ-U10] If something is described as **qualifying**, this means it meets the minimum standards required.
- rate** [N-COUNT-U10] A **rate** is the speed or amount at which something increases or decreases over a particular time period.
- record** [N-COUNT-U4] A **record** is a written account of some transaction or event.
- retail bank** [N-COUNT-U10] A **retail bank** is a bank that offers banking services to individuals and small companies.
- returned** [ADJ-U11] If a check is **returned**, the bank refuses to pay it because there is not enough money in an account.
- review** [V-T-U4] To **review** something is to look at it in order to find errors or mistakes in it.
- save** [V-T-U9] To **save** money is to keep money and add to it, increasing the total amount.
- savings account** [N-COUNT-U10] A **savings account** is a bank account with higher interest than a checking account. However, there are usually withdrawal restrictions.
- scanner** [N-COUNT-U3] A **scanner** is an electronic device that converts images of paper documents into computer data.
- sectional** [N-COUNT-U2] A **sectional** is several matching pieces of soft sitting furniture that can be arranged in various combinations.
- service** [N-COUNT-U11] A **service** is the performance of actions or duties by an organization to benefit a customer.
- share** [V-T-U3] To **share** the use of something means that instead of everyone using their own, all people use the same item.
- shareholder** [N-COUNT-U13] A **shareholder** is a person who owns stock in a particular company.
- shredder** [N-COUNT-U3] A **shredder** is a mechanical device that destroys paper documents by cutting them into many pieces.
- shrink** [V-I-U7] To **shrink** is to become smaller.
- sole proprietor** [N-COUNT-U13] A **sole proprietor** is a business owner who is the only person responsible for a business.
- spend** [V-I-U9] To **spend** is to use money to pay for something.
- staff** [N-UNCOUNT-U15] **Staff** are a group of employees who work in a particular place.
- stapler** [N-COUNT-U1] A **stapler** is a hand powered machine for applying staples to attach two or more sheets of paper.
- staples** [N-COUNT-U1] **Staples** are small u-shaped strips of metal used to attach two or more sheets of paper.
- statement** [N-COUNT-U4] A **statement** is a document that provides updated information regarding an account.
- steady** [ADJ-U7] If something is **steady**, it does not change.
- storage** [N-UNCOUNT-U14] **Storage** is the state of being kept in a particular place while not in use.
- store** [V-T-U2] To **store** something is to keep it somewhere for later use.
- subtract** [V-T-U6] To **subtract** a number is to take it away from another number.

sufficient [ADJ-U15] If something is **sufficient**, it has or provides enough of something.

swiveling [ADJ-U2] If something is **swiveling** it turns or spins around a point.

tape [N-UNCOUNT-U1] **Tape** is a strip of adhesive material for attaching one thing to another.

term [N-COUNT-U12] A **term** is a period in which payments are made on a loan.

times [PREP-U6] **Times** is used when multiplying numbers.

toner [N-UNCOUNT-U3] **Toner** is a chemical substance used in copiers and printers to imprint images on paper.

total costs [N-UNCOUNT-U14] **Total costs** are all expenses of a business, including fixed costs and variable costs.

total liabilities [N-UNCOUNT-U8] **Total liabilities** are a sum of a company's debts and expenses including owner's equity.

track [V-T-U9] To **track** somebody's expenditures is to observe their financial transactions.

transfer [V-T-U11] To **transfer** money is to move it from one place to another.

variable costs [N-COUNT-U14] **Variable costs** are expenses that change depending on sales or production.

wireless [ADJ-U3] If an Internet connection is **wireless**, it transmits signals to a computer without wires.

withdrawal [N-COUNT-U5] A **withdrawal** is the taking of money out of an account.

**CAREER
PATHS**

Finance

Book
2

Virginia Evans
Jenny Dooley
Ketan C. Patel



Express Publishing

Scope and sequence

Unit	Topic	Reading context	Vocabulary	Function
1	Types of investments	Investment guide book	purchase, sell, investment, bonds, certificate of deposit, stocks, equity, mutual fund, pool, securities, money market account, real estate	Listing pros and cons
2	Investment styles	Advice column	risk tolerance, risk-free, risk aversion, comfort zone, retirement, personal investment, goal, aggressive, conservative, moderate	Discussing risk
3	Personal investments and retirement	Magazine article	IRA, Roth IRA, pension, profit sharing, portfolio, trust, tax, cash in, retirement age, contribution, match, rollover	Describing possible events
4	The stock market	Economics textbook	stock market, trade, share, dividends, public, shareholder, high, low, going concern, IPO	Changing topics
5	Changes in the stock market	Newspaper column	bear market, bull market, value, point, trend, open at, close at, gain, lose, dip, crash, skyrocket, climb	Making predictions
6	The front office	Website	raise, equity capital, launch, debt capital, proprietary trading, merger, acquisition, pitch book, product coverage group, industry coverage group, front office, investment banking, up-and-coming	Describing skills and traits
7	The middle office	Job posting	middle office, risk management, market risk, credit risk, limit, capital, operational risk, compliance, financial controller, bold, CFO, commensurate, CV, conservative	Hedging a response
8	The back office	Memo	back office, operations, data-checking, trade, information technology, trade confirmation, settle, software, update, state-of-the-art, tech support	Confirming information
9	Regulation	Newspaper article	regulation, investigation, violate, insider information, insider trading, breach, fiduciary, non-public, quid pro quo, material, confidence	Expressing doubt
10	Bank manager	Website	bank manager, oversee, solve, responsible, relationship, work ethic, organization, supervise, motivate, goals, branch, expand, clientele	Making a list
11	Accountant	Job postings	payroll, total wages, gross wages, stubs, cash collections, checking account, cash disbursements, procurement, inventory, purchase order, on credit, property accounting, equipment	Describing an experience
12	Tax consultant	Job posting	tax consultant, tax preparer, tax, file, tax return, assist, advice, back taxes, tax debt, audit, refund, circumstances	Asking for more detail
13	Financial advisor	Website	financial advisor, financial planning, insurance products, risk assessment, investor profile, asset allocation, commission, fee-only, best interests, conflict of interest	Reassuring customers
14	Stock broker	Website	stock broker, brokerage, sales agent, stock exchange, exchange, service, execute-only, carry out, client, advisory dealing, advise, discretionary dealing, on one's behalf	Offering congratulations
15	Trader	Business journal	stock trader, day trader, investment firm, direction, portfolio manager, capital market, derivatives market, currency market, monitor, prices, salary, bonus	Expressing an opinion

Table of contents

Finance Basics

Unit 1 - Types of investments	4
Unit 2 - Investment styles	6
Unit 3 - Personal investments and retirement	8
Unit 4 - The stock market	10
Unit 5 - Changes in the stock market	12

Investment Banking

Unit 6 - The front office	14
Unit 7 - The middle office	16
Unit 8 - The back office	18
Unit 9 - Regulation	20

Job in Finance

Unit 10 - Bank manager	22
Unit 11 - Accountant	24
Unit 12 - Tax consultant	26
Unit 13 - Financial advisor	28
Unit 14 - Stock broker	30
Unit 15 - Trader	32

Appendix

Glossary	34
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1 Types of investments

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some ways to use money to make more money?
- 2 What are the safest types of investments?



Reading

- 2 Read the page from a beginner investor's guidebook. Then, mark the following statements as true (T) or false (F).

- 1 ___ Stocks are interest earning investments.
- 2 ___ Mutual funds involve pooling money.
- 3 ___ Purchasing real estate requires a professional manager.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | |
|-------------|------------------------------|
| 1 ___ stock | 4 ___ certificate of deposit |
| 2 ___ sell | 5 ___ real estate |
| 3 ___ pool | 6 ___ purchase |

- | | |
|---|--|
| A | an interest earning account with a fixed time period |
| B | land and buildings |
| C | to receive something for a cost |
| D | partial ownership in a company |
| E | to gather from several sources |
| F | to give something to someone for money |

4



THE NOVICE INVESTOR'S GUIDEBOOK

Types of Investments

Before you start investing, it's best to know your options. Some **investments** involve lending money and collecting interest. Others require purchasing and **selling** stock in companies.

Interest earning investments include **certificates of deposit** (CD), **bonds**, and **money market accounts**. Borrowers may use money from these accounts to invest in a variety of other **securities**.

Stocks are portions of financial investment in a company. **Equity** is the total value of **stocks** someone owns in a company. As the company grows, this value usually increases as well.

A **mutual fund** is an investment managed by a professional manager. This person **pools** funds from several clients. He or she then applies this money to a variety of other investments. If you prefer investments that you can see, **real estate** is an option. Investing in real estate involves the purchase, sale and rental of land and buildings.



- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

equity bond
money market account securities
investment mutual fund

- 1 Joe has the highest _____ of all the shareholders.
- 2 Stock and bonds are _____. Real estate is not.
- 3 The manager pooled money from several investors into a(n) _____.
- 4 Sue opened a(n) _____ at the bank.
- 5 Dan purchased a government _____.
- 6 Buying a house is a good _____.

- 5 Listen and read the page from a beginner investor's guidebook again. Give examples of the interest earning investments that can be used to buy securities.

Listening

- 6 Listen to a conversation between two co-workers discussing an investment. Choose the correct answers.

- 1 What is the discussion mostly about?
 - A the best time to sell stocks
 - B how to choose a stockbroker
 - C the return on the woman's investment
 - D the pros and cons of two investment types
- 2 Why does the man prefer stocks?
 - A they earn interest
 - B they resist market drops
 - C they guarantee high returns
 - D they could make lots of money

- 7 Listen again and complete the conversation.

- Worker 1: Maybe. But I don't know anything about the stock 1 _____.
- Worker 2: A good 2 _____ will tell you all your options.
- Worker 1: 3 _____ . I don't want to have to think about it.
- Worker 2: But if you buy the right stocks,
4 _____ .
- Worker 1: If the market drops, I could lose my bonus. I don't want that to happen.
- Worker 2: Still, a CD will only give you a 5 _____.
- Worker 1: That's all I'm looking for. 6 _____, _____, and it earns interest.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

A good stock broker ...
If the market drops ...
It's easy, it's safe ...

Student A: You are investing some money.

Talk to Student B about:

- certificates of deposit
- stocks
- the pros and cons of each

Student B: You are a co-worker. Talk to Student A about investing in the stock market.

Writing

- 9 Use the conversation from Task 8 to fill out the employee's notes.

Investment Notes	
STOCKS	
Pros:	Cons:
_____	_____
_____	_____
_____	_____
CDs	
Pros:	Cons:
_____	_____
_____	_____
_____	_____

2 Investment styles

The Tulsa Chronicle

Investing Tips from Larry Dean

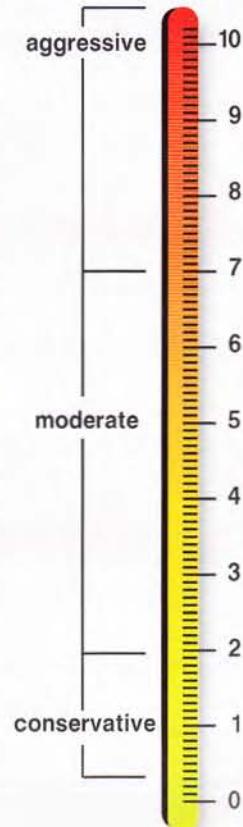


The key element that will determine your investing style is **risk tolerance**.

With all the market's ups and downs, investing can be stressful. That's why it's important to choose an investment style that works for you. The key element that will determine your investing style is **risk tolerance**.

Some people have a naturally high level of **risk aversion**. If this is you, go with investments that are virtually **risk-free**, like bonds and CDs. Perhaps you are considering **personal investments** to sustain you after **retirement**. You also should maintain a **conservative** investing approach. Stay in your **comfort zone**. Avoid the stress of market fluctuations.

Some of you, on the other hand, are more willing to take chances. You will risk great losses for a chance at great returns. You should go with a more **aggressive** investment approach in stocks. And for those of you in the middle, **moderate** investments are the way to meet your **goals**. Invest in mutual funds to limit risk but increase returns.



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 How willing are you to take risks with your money? Why?
- 2 How does risk affect a person's investing style?

Reading

- 2 Read the investment advice column. Then choose the correct answers.

- 1 What is the purpose of the article?
A to evaluate levels of risk aversion
B to explain conservative investment strategies
C to compare high and low risk investments
D to give advice based on investment styles
- 2 What investments should people with moderate to high risk aversion NOT purchase?
A bonds **C** mutual funds
B CDs **D** stocks
- 3 According to the column, what are the benefits of bonds?
A They have almost no risk.
B They benefit from market fluctuations.
C They give higher returns than mutual funds.
D They provide a chance to make large profits.

Vocabulary

- 3 Write a word that is similar in meaning to the underlined part.

- 1 Most people are comfortable with a medium level of risk. _ _ d _ _ a _ _
- 2 Candice is a cautious investor. _ _ o _ _ e _ v _ _ i _ _
- 3 Jon worked hard to meet his planned level of achievement. _ _ o _ _
- 4 His high reluctance to face the chance of loss keeps him from making most investments. _ _ s _ a _ _ r _ i _ _

- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 personal investment / retirement

- A Dad went into _____ at age 60.
B Buying the shop was a _____.

2 aggressive / risk-free

- A Joe made _____ investments, hoping for a huge return.
B These government bonds are _____.

3 comfort zone / risk tolerance

- A Some stock purchases require a high _____.
B CDs are safe and should be in any investors _____.

- 5 Listen and read the page from the investment advice column again. If you are not afraid of risk but at the same time like to play safe, what should you invest in?

Listening

- 6 Listen to a conversation between a financial advisor and a customer. Mark the following statements as true (T) or false (F).

- 1 ___ The customer has high risk aversion.
2 ___ The advisor suggests investing in a moderate investment.
3 ___ A mutual fund is out of the customer's comfort zone.

- 7 Listen again and complete the conversation.

Advisor: Well. The first thing to consider is how much 1 _____ you are willing to take.

Customer: I'm not sure. I certainly don't want to 2 _____.

Advisor: Okay. Are you willing to risk losing half of your money 3 _____ double it?

Customer: Yeah, but I couldn't handle losing much more than that.

Advisor: All right. You have a fairly 4 _____ of risk aversion.

Customer: So, what should I invest in?

Advisor: There are a number of options. A mutual fund is a fairly 5 _____ investment.

Customer: I've heard of those. They aren't 6 _____?

Advisor: They involve some risk, but nothing that would put you out of your comfort zone.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

The first thing to consider is ...

You have a ...

There are a ...

Student A: You are a financial advisor. Talk to Student B about:

- his/her level of risk aversion
- an appropriate investing style
- possible investments

Student B: You are a new investor. Talk to Student A about investing and risk.

Writing

- 9 Use the conversation from Task 8 to fill out the risk aversion worksheet for the client.

Jackson Investments

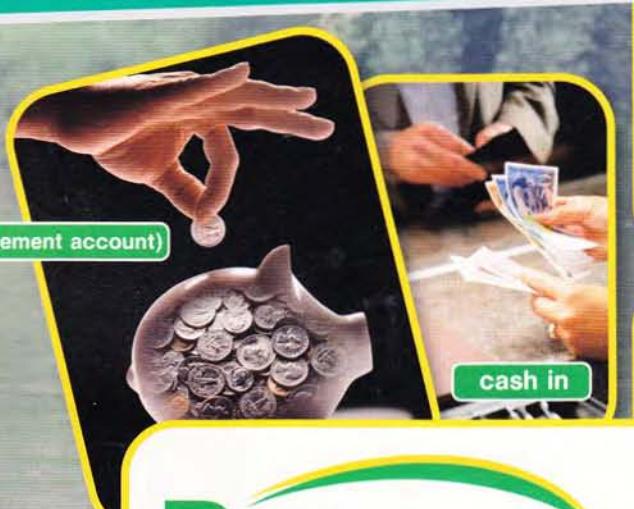
New Client Risk Aversion

Client Name: _____

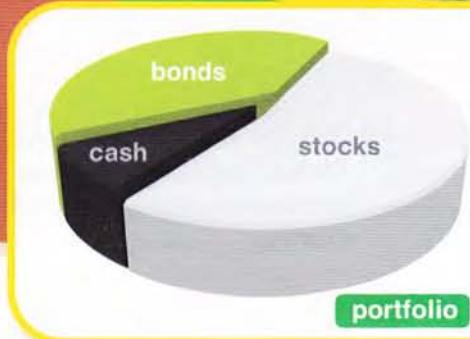
How much of an investment is the client willing to risk? _____

Client's risk aversion level: _____

Suggested investments: _____



Contributions
Employee: \$100
Employer: \$100
match



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some ways of saving for retirement?
- 2 At what age do people usually retire in your country?

Reading

- 2 Read the article about saving for retirement. Then, mark the following statements as true (T) or false (F).

- 1 Tax breaks are not applied to Roth IRAs.
- 2 A pension is a savings method that employers offer.
- 3 Trusts are controlled by employers.

Retirement Saving 101

by Charles Sherwood

You've heard it a thousand times. It's never too early to start saving for retirement. But where does a person start? There are several retirement saving methods to choose from.

One method is an **IRA**, or *individual retirement account*. A traditional IRA applies **tax** deductions to deposits when they are made. Other versions, such as a **Roth IRA**, apply the tax breaks upon retirement.

Some employers offer methods of saving for retirement. These include **pensions** and **profit sharing**. Often, employers will **match** an employee's **contributions** to a company retirement fund. If an employee leaves a company, he or she can transfer retirement funds into an IRA. This is done either by direct transfer or by **rollover**.

Another way to save is to build a strong personal investment **portfolio**. Or you can enter into a **trust** agreement with a professional investor. This person will manage your investments for you. Then, when you reach **retirement age**, you can **cash in** those investments.

Vocabulary

- 3 Match the words (1-5) with the definitions (A-E).

- | | | | |
|---|------------|---|------------------|
| 1 | — match | 4 | — IRA |
| 2 | — cash in | 5 | — retirement age |
| 3 | — rollover | | |

- | | |
|---|--|
| A | indirectly transferring money into an IRA with a check |
| B | to make equal contributions |
| C | a retirement savings account |
| D | the age at which a person stops employment |
| E | to redeem an account for its monetary value |

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

trust pension Roth IRA
portfolio profit sharing

- The company offers _____ to all employees, so they all want it to earn money.
- Tax breaks come when a _____ is accessed.
- The _____ agreement does not let her access the money until 2012.
- Richard's _____ is arranged through the worker's union.
- Anne's investment _____ is strong enough to retire on.

- 5 Listen and read the article about saving for retirement again. What is the difference between the IRA retirement saving method and the Roth IRA method?

Listening

- 6 Listen to a conversation between an investor and her advisor. Choose the correct answers.

- What is the conversation mostly about?
 - A creating a portfolio
 - B matching contributions
 - C retiring at an earlier age
 - D decreasing IRA contributions
- What change will the woman make to her investments?
 - A buy more stocks
 - B expand her portfolio
 - C cash in her IRA early
 - D increase IRA contributions

- 7 Listen again and complete the conversation.

- Advisor:** Well, if you increase your 1 _____, you could reach your goals in the next two years.
- Investor:** That'd be great. I'd love to 2 _____ by sixty.
- Advisor:** With a 3 _____ in contributions, that would be possible.
- Investor:** The company is still 4 _____ my contributions, correct?
- Advisor:** Yes. The thing is, you can't access your IRA before you reach fifty-nine and a half. 5 _____, you'll miss out on the tax breaks.
- Investor:** But I could 6 _____ my other investments in the meantime.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

If you increase your ...

The company is still ...

Student A: You are an advisor. Talk to Student B about:

- when he or she can retire
- a portfolio
- an increase in contributions

Student B: You are an investor. Talk to Student A about your retirement.

Writing

- 9 Use the conversation from Task 8 to fill out the change of investment plan.

Jackson Investments

Investment Plan

Client Name: _____

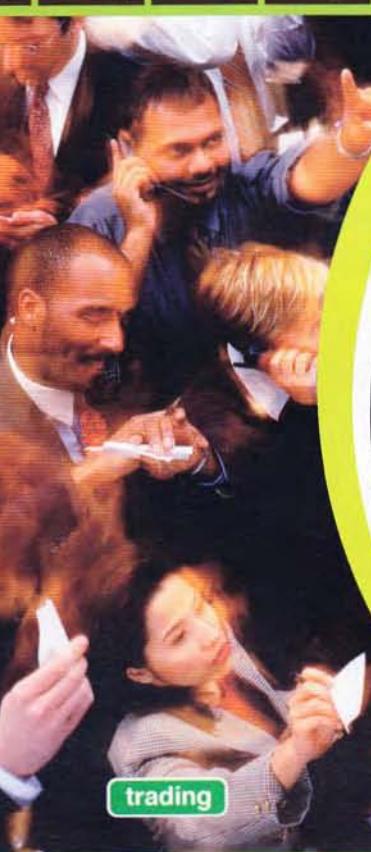
New Goal: _____

Changes to Retirement Strategy: _____

4 The stock market

CHAPTER 3

World Economics



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What actions occur on a stock market?
- 2 What are some good stocks to buy in your country?

Reading

- 2 Read the page on stock markets from an Economics textbook. Then, fill in the blanks with the correct words and phrases from the word bank.

Word BANK

profits entrance shares
trading going concern

Stock markets are public locations for 1 _____ stock. Stock is ownership in a company divided into 2 _____. Shareholders make dividends on their stock. They also earn 3 _____ by selling stock at a higher price than they bought it. A company's 4 _____ into public markets is its IPO. As long as the company remains operational, it is a 5 _____.

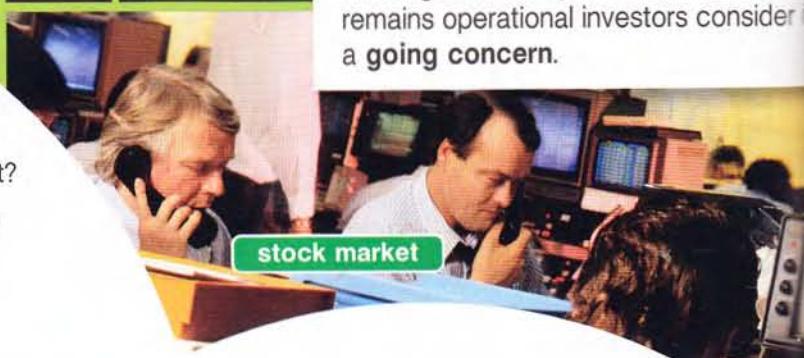
5

Some of the most important aspects of modern economies are their **stock markets**. These are **public** locations for buying, selling, and **trading** stock. These locations can be physical or electronic.

Investors in companies buy fractions of ownership called **shares**. Shareholders collect a portion of the company's **profits** in payments called **dividends**. But that is not the only way investors in stocks make money.

There are many factors that affect the value of stock shares. And this value fluctuates constantly. The general rule is to buy **low** and sell **high**. By selling stock for higher prices than it was bought, investors make profit.

There is a great deal of science and speculation to predicting stock price fluctuations. Serious investors track the behavior of stock prices closely. A company's debut on publicly traded markets is called its **IPO**, or initial public offering. As long as the company remains operational investors consider it a **going concern**.



Vocabulary

- 3 Read the sentence and choose the correct word.

- 1 The business remained a(n) IPO/ **going concern** throughout the recession.
- 2 Mr. Patton collected \$1,200 in **lows** / **dividends** last month.
- 3 Sam makes 60% of his income on the **shareholder** / **stock market**.
- 4 It is best to sell stocks when their value is **low** **high**.
- 5 Joe bought 700 **stock markets** / **shares** in the new company.

pects of stock
ations for stock.
k. These electronic
ctions of stockholders
company's dividends
estors in effect the
s value
eral rule
' selling it was
ce and
k price
ack the
sely. A
traded
l public
mpany
sider it

4 Write a word that is similar in meaning to the underlined part.

- Their stock is not available to the general population. b_i_l
- The new company made its entrance into public stock trading this week. P_
- It's best to buy the stocks at a minimal cost. o_
- Buying and selling stocks can be lucrative. _d_n_
- Every owner of stock in the company receives monthly dividends. r_h_e_

5 Listen and read the page on stock markets from an Economic textbook again. In modern economies where does the buying, selling and trading of public stock take place?

Listening

6 Listen to a conversation between a reporter and financial expert. Mark the following statements as true (T) or false (F).

- Stock in Carson Steel is a better purchase than stock in Valor Technologies. T
- Valor Technologies is about to make its IPO. F
- The man recommends purchasing stock in both companies. F

7 Listen again and complete the conversation.

Expert: You see Valor Technologies is making its 1 _____ this quarter. Its shares are cheap. But those values are likely to rise in the coming months.

Reporter: So, Valor is a 2 _____.

Expert: Well, investors should make their own decisions, but I think it is.

Reporter: 3 _____, _____ Carson Steel. What can we expect from them?

Expert: Carson's stock has decreased in value 70% this year. I'm sorry to say, they won't be a 4 _____ for much longer.

Reporter: So, Carson 5 _____ should sell their stock?

Expert: Even if it means taking a loss. They 6 _____ to get rid of it.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Well, investors ...

Now, let's get into ...

I'm sorry to say that ...

Student A: You are a reporter. Talk to Student B about:

- an IPO
- a failing company
- which stock is a better purchase

Student B: You are a financial expert. Talk to Student A about the stock of two companies.

Writing

9 Use the conversation from Task 8 to fill out the reporter's notes.

Stock Comparison

Interview Notes

Recommended Stock Buy: _____

Reason: _____

Recommended Stock Sell: _____

Reason: _____

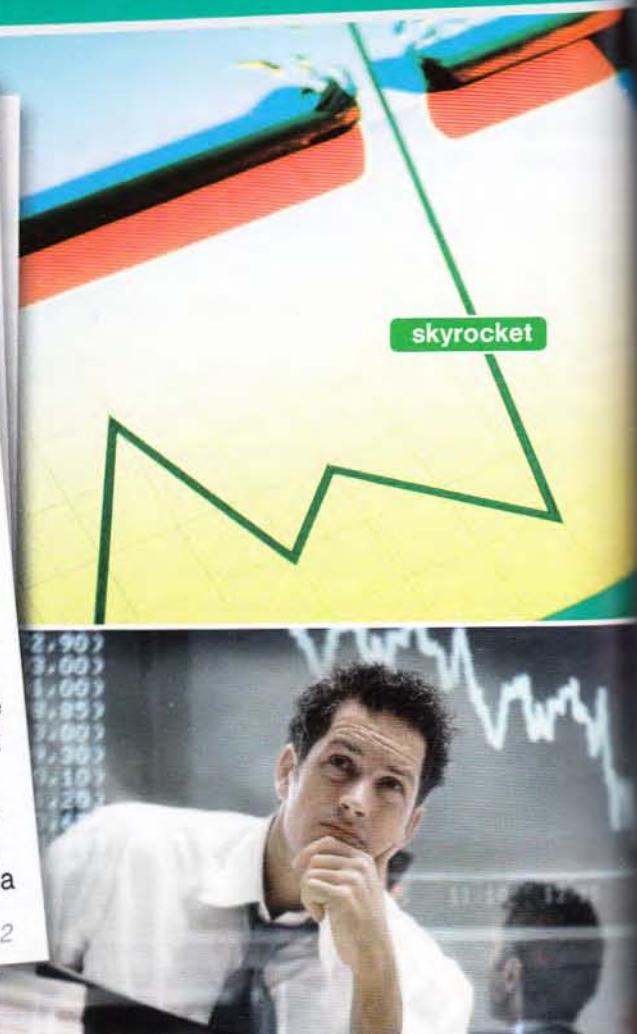
STOCK MARKET FINALLY POSITIVE

By: Joe Trumble

After the **crash** one year ago, the stock market is finally **gaining points**. The stocks of several large companies **skyrocketed** early Monday morning. Buy Books Unlimited (BBU) opened at 18.50, but that quickly changed. Its **value climbed** 35 **points** in 20 minutes. BBU ended the day with an amazing gain of 49 points per share. Another company, Tech International (TIN), **closed at** 114.73 after opening at just over 82.

Investors hope these events mark the end of a very long and disastrous **bear market**. Since the crash, the market has struggled to climb. Yet today's rally appears to be the start of a much-needed **bull market**. Experts expect that it will be the new **trend** for a long time and are encouraging investors to buy. Janet Bilson, a trader, said, "The stocks that rose today won't **lose** value in the long term. Even if they **dip** tomorrow or the next day, they're a great investment."

Page 12



Get ready!

- 1 Before you read the passage, talk about these questions.

- How can you describe increases on the stock market?
- How can you describe decreases on the stock market?

Reading

- 2 Read the newspaper article. Then, mark the following statements as true (T) or false (F).

- The article is about a stock market crash.
- Tech International lost value on Monday.
- Experts believe the current trend will continue.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|------------|---|-----------|
| 1 | — climb | 4 | — open at |
| 2 | — close at | 5 | — point |
| 3 | — dip | 6 | — trend |

- | | |
|---|---|
| A | to have a certain value at the start of trading |
| B | to increase |
| C | to have a certain value at the end of trading |
| D | a measurement of stock value |
| E | to lose value briefly, then increase again |
| F | a general repetition |

- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 bear market / bull market

- A A _____ is bad for investors.
B Investors can make a lot of money in a _____.

2 crash / skyrocket

- A When stocks _____, they lose value quickly.
B If stocks _____, they gain value quickly.

3 gained / lost

- A BinCo stock opened at 104, _____ ten points, and closed at 94.
B Joe made money because he bought stock at \$15 and it _____ ten points before he sold it.

- 5 Listen and read the newspaper article again. What reason do the experts give for encouraging investors to buy stocks at this time?

Listening

- 6 Listen to a conversation between two traders. Mark the following statements as true (T) or false (F).

- 1 ___ The man was unable to buy stock he wanted.
2 ___ The traders expect TechNet stock to dip.
3 ___ The woman sold stock that lost value.

- 7 Listen again and complete the conversation.

Trader 1: Hey, John. How 1 _____ today?

Trader 2: Hi, Tammy. I did 2 _____. I just can't believe how busy we were.

Trader 1: Yeah, some of the stocks 3 _____ today.

Trader 2: I know. I bought a lot of that new technology company, TechNet. People couldn't buy it 4 _____.

Trader 1: I heard that they gained thirty points. Is that right?

Trader 2: Yeah. I think that they'll 5 _____ tomorrow.

Trader 1: That's probably true. Though they might not climb 6 _____ they did today.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

How did you do today?

I bought a lot of ...

I heard that they ...

Student A: You are a trader.

Talk to Student B about:

- stock changes in value
- stock purchases
- stock sales

Student B: You are a trader.

Talk to Student A about how you both did on the market.

Writing

- 9 Use the conversation from Task 8 to fill out the trader's summary.



Trader: _____

Date: _____

Stock: _____

Gain: _____

Expected trend tomorrow: _____

6 The front office

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Investment Banking Careers

Working in the Front Office: What to Expect

The front office is an exciting but challenging environment. Employees manage the finances of corporations and wealthy individuals, as well as bring in new business. Whether you manage accounts or attract new ones depends on what coverage group you work in.

The Product Coverage Group: This group manages clients' finances by **raising debt capital** or **equity capital**, **launching** new products, and arranging **mergers** and **acquisitions**. But the product coverage group doesn't represent clients' interests alone. It also conducts **proprietary trading** for the **investment bank** itself. To work in a product coverage group, employees must be highly organized and pay close attention to detail.

The Industry Coverage Group: This group builds relationships with corporations and individuals in different industries and monitors them for potential clients. Then, industry coverage group employees use their **pitch book** to attract **up-and-coming** corporations to the bank. For this reason, industry coverage group employees must have excellent sales skills.



Vocabulary

3 Read the sentence pair. Choose where the words best fit the blanks.

1 **equity capital / debt capital**

- A Banks raise _____ by selling bonds.
B Businesses earn _____ by selling stock.

2 **industry coverage / product coverage**

- A State Bank's _____ group offers several methods of raising funds.
B A good _____ group will find strong companies and open accounts with them.

3 **launch / raise**

- A HetCo will _____ a new product line next month.
B James Construction needs to _____ \$1.2 million for its next project.

4 Match the words (1-7) with the definitions (A-G).

- | | |
|-------------------|-------------------------|
| 1 — merger | 5 — pitch book |
| 2 — acquisition | 6 — proprietary trading |
| 3 — front office | 7 — investment banking |
| 4 — up-and-coming | |

- | |
|---|
| A the purchase of one company by another |
| B a description of investments used to attract clients |
| C the joining together of two companies or more to form a larger one |
| D the part of an investment bank concerned with raising funds for customers |
| E expected to become successful |
| F the practice of raising capital |
| G trading done by a bank for its own profit |

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What skills should an investment banker have?
- 2 How do investment banks help companies?

Reading

2 Read the website on financial careers. Then, mark the following statements as true (T) or false (F).

- 1 T The product coverage group helps clients by reducing debt capital.
- 2 T The product coverage group provides proprietary trading for clients.
- 3 F The industry coverage group focuses on attracting new clients.

- 6** Listen and read the website on financial careers again. What skills is a person required to have in order to work in a product coverage group?

Listening

- 7** Listen to a conversation between an interviewer and a job applicant. Choose the correct answers.

- 1 Where does the man want to work?
A in the brokers' department
B in the product coverage group
C in the industry coverage group
D in the National Bank front office
- 2 What required skill does the man have?
A managing people C tracking details
B organizing trades D making sales

- 8** Listen again and complete the conversation.

- Applicant: Thank you for 1 _____, Ms. Herron.
- Interviewer: Just Carol is fine. Now, you have quite a resume. I see you worked with the National Bank for several years.
- Applicant: Yes. I was a broker in their 2 _____ for ten years.
- Interviewer: And what were your basic responsibilities in that department?
- Applicant: Nothing 3 _____. I looked at ways to raise equity capital and debt capital for clients.
- Interviewer: Okay. Now, you're applying to work with our 4 _____, yes?
- Applicant: That's correct.
- Interviewer: 5 _____, the industry coverage group requires a different set of skills. Tell me, what skills do you have that fit that group?
- Applicant: Well, I can explain complex ideas to just about anyone. And I'm 6 _____.

Speaking

- 8** With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What were your basic responsibilities ...

I looked at ways to ...

What skills do you have?

Student A: You are an interviewer. Talk to Student B about:

- former jobs ● skills
- responsibilities

Student B: You are a job applicant. Answer Student A's questions.

Writing

- 9** Use the conversation from Task 8 to fill out the interviewer's notes.



Interview notes

Date: _____

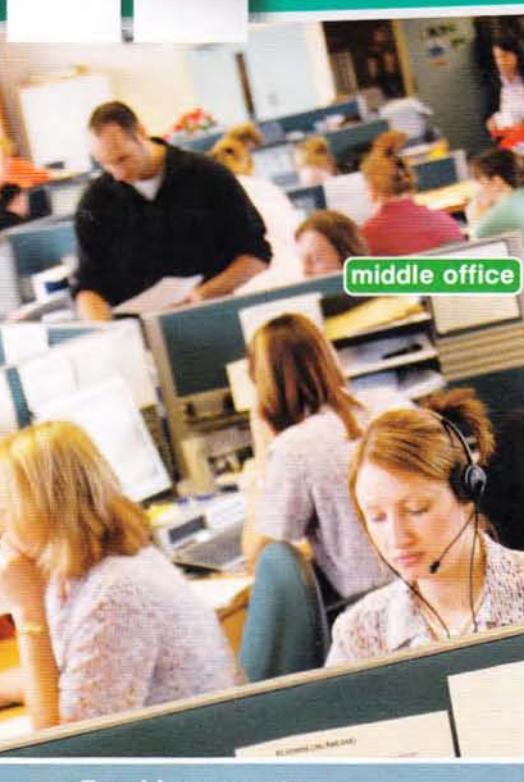
Applicant Name: _____

Applying For: _____

Experience: _____

Skills/Traits: _____

7 The middle office



Excel Investments Financial Controller

Excel Investments is a leader in investment banking for both corporations and wealthy individuals. We are currently seeking a senior **financial controller** for our **middle office**.

The financial controller supervises a team of eight accounting professionals and manages the middle office's day-to-day operations. The position reports directly to Excel Investments' **CFO**. The financial controller oversees all **risk management**. The ideal candidate will have demonstrated success in quickly analyzing **market risk** and **credit risk** undertaken by front office traders. Of course, Excel Investments is not a **conservative** firm. We are known for our aggressive approach to investing. As such, **limits on capital** set by the financial controller should manage **operational risk** without restricting **bold** action. The controller is also responsible for meeting with back office representatives regularly. These meetings will ensure that front office trades are in **compliance** with internal and government regulations.

Salary is **commensurate** with experience. Interested parties should send a **CV**, references, and cover letter to hr.harris@excelinvestments.com.

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What are some risks involved in investment banking?
- 2 Which employees decide how much risk a company should take?

Reading

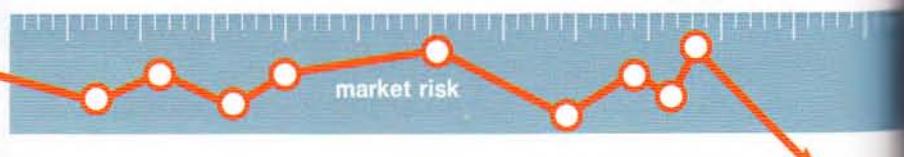
2 Read the job posting. Then, choose the correct answers.

- 1 What is true of the financial controller position?
 - A It creates internal regulations.
 - B It directs the actions of the CFO.
 - C It involves supervising others.
 - D It meets with government representatives.
- 2 Which of the following is NOT a responsibility of the controller?
 - A limiting capital
 - B analyzing credit risk
 - C managing operational risk
 - D ensuring back office compliance
- 3 What can you infer about the person who will be hired for the job?
 - A He or she will have experience as a CFO.
 - B His or her salary will depend on former jobs.
 - C He or she will have a conservative investment approach.
 - D His or her investments must be held with Excel Investments.

Vocabulary

3 Match the words (1-7) with the definitions (A-G).

- | | | | |
|---|------------------------|---|---------------|
| 1 | — middle office | 5 | — credit risk |
| 2 | — financial controller | 6 | — market risk |
| 3 | — commensurate | 7 | — bold |
| 4 | — capital | | |
- A an employee that monitors financial resources
B being related to something in size or degree
C uncertainty caused by changes in the price of securities
D the part of a company that manages risk
E uncertainty caused by borrowers potentially not paying debts
F money used to finance a business
G being confident even in risky situations



- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 CV / CFO

- A Bring your _____ to the interview.
B Mr. Ales is our _____.

2 limits / compliance

- A All trades are in _____ with regulations.
B The financial controller sets capital _____.

3 risk management / operational risk

- A Every business has some form of _____.
B Good _____ can prevent large financial losses.

- 5 Listen and read the job posting again. Why does the financial controller need to co-operate with back office representatives?

Listening

- 6 Listen to a conversation between an applicant and an interviewer. Mark the following statements as true (T) or false (F).

- 1 ___ The man was the head financial controller at his last job.
2 ___ The man has experience making risk management decisions.
3 ___ The man's former organization was conservative.

- 7 Listen again and complete the conversation.

Interviewer: Well, we were very impressed by your CV. If you don't mind, let's just 1 _____.

Applicant: Of course. What can I tell you?

Interviewer: 2 _____ with your most recent position. You were the 3 _____ at Bryant Funds?

Applicant: Yes, I was. Basically, I was involved in every 4 _____ decision.

Interviewer: Good, good. 5 _____, how long did it take you and the head controller to assess risk on a given trade?

Applicant: Well, 6 _____ the trade, of course. But I'd say we could give our traders an answer within a half hour.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Let's start with your most recent position.

I was involved in ...

How did you assess that risk?

Student A: You are an interviewer. Ask Student B about:

- his or her last position
- methods of assessing risk
- time to assess risk

Student B: You are a job applicant. Talk to Student A about your experience.

Writing

- 9 Use the conversation from Task 8 to fill out the interviewer's notes.

Interview notes

Applicant name: _____

Former position: _____

Responsibilities:

8 The back office



Get ready!

1 Before you read the passage, talk about these questions.

- 1 How have computers changed how people make investments?
- 2 What jobs and careers involve maintaining computers and computer systems?

Reading

2 Read the office memo. Then, mark the following statements as true (T) or false (F).

- 1 ___ The company is installing new trade confirmation software.
- 2 ___ Tech support must meet with front office staff to check compliance.
- 3 ___ The company was recently fined for an illegal action.

From: Charles Durning
To: All Back Office Staff

Excel Investments
Staff MEMO

Hello all. I have several updates and reminders for you after my meeting with our CEO, Mr. Franklin.

Operations First, we have a new **update** for our **data-checking software**. It's a **state-of-the-art** program that should **clear** and **settle trades** much faster. But until the software is installed, continue checking **trade confirmations** as usual.

Information Technology IT will be in charge of installing the new software. In addition, **tech support** will hold training sessions with **front** and **back office** staff. They will explain how to use the software and its benefits.

Compliance Mr. Franklin expressed a concern about compliance issues. He'd like us to double our meetings with **traders** in order to avoid any legal problems. We were recently investigated. Although no illegal actions were found, Mr. Franklin does not want this to happen again.

If you have any questions, send an email or see me in my office.

Charles Durning, Manager, Back Office



Vocabulary

3 Match the words (1-7) with the definitions (A-G).

- | | |
|-------------------|------------------------|
| 1 ___ trade | 5 ___ tech support |
| 2 ___ update | 6 ___ state-of-the-art |
| 3 ___ settle | 7 ___ data-checking |
| 4 ___ back office | |

- | |
|--|
| A to get the most recent |
| B the act of making an exchange |
| C assistance with technology |
| D being the most modern |
| E administrative section of bank |
| F to pay to complete a transaction |
| G the process of ensuring information is correct |

- 4 Fill in the blanks with the correct words and phrases: operations, software, clear, information technology, trade confirmation.

- 1 The _____ department maintains computers.
- 2 Back office employees must _____ every trade.
- 3 Don't use the computer until the new _____ is installed.
- 4 Back office _____ include data checking and maintaining computers.
- 5 A trade is not final until the _____ is finished.

- 5 Listen and read the office memo again. How does Mr. Franklin suggest action is taken to ensure compliance is not problematic?

Listening

- 6 Listen to a conversation between a back office manager and an IT employee. Choose the correct answers.

- 1 What is the woman concerned about?
A a confusing training session
B a shortage of IT employees
C an expensive software update
D an error with software installation
- 2 What suggestion does the man make?
A Reinstall the update. C Hire more employees.
B Delay the training. D Purchase new software.

- 7 Listen again and complete the conversation.

- Manager: Great. So, what can I 1 _____ ?
Employee: Well, it says that the IT department will be training the traders on the update, 2 _____ ?
Manager: Yes. 3 _____ they won't use it as much, it's a good idea for them to know the basics.
Employee: Of course. But IT also has to install the program, 4 _____ ?
Manager: Correct.
Employee: That's what I'm worried about. We don't have enough people to do both.
Manager: I see what you mean. How long will it take to 5 _____ ?
Employee: At least a full week.
Manager: Here's what we'll do. Install the updates, and then we'll do the training 6 _____ . Sound good?
Employee: Perfect, thanks.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Well, it says ...

It's a good idea ...

Student A: You are an IT employee. Talk to Student B about:

- an update
- training
- scheduling

Student B: You are a manager. Talk to Student A about the details of a memo.

Writing

- 9 Use the conversation from Task 8 to fill out the new memo.

MEMO

To: All Back Office Employees

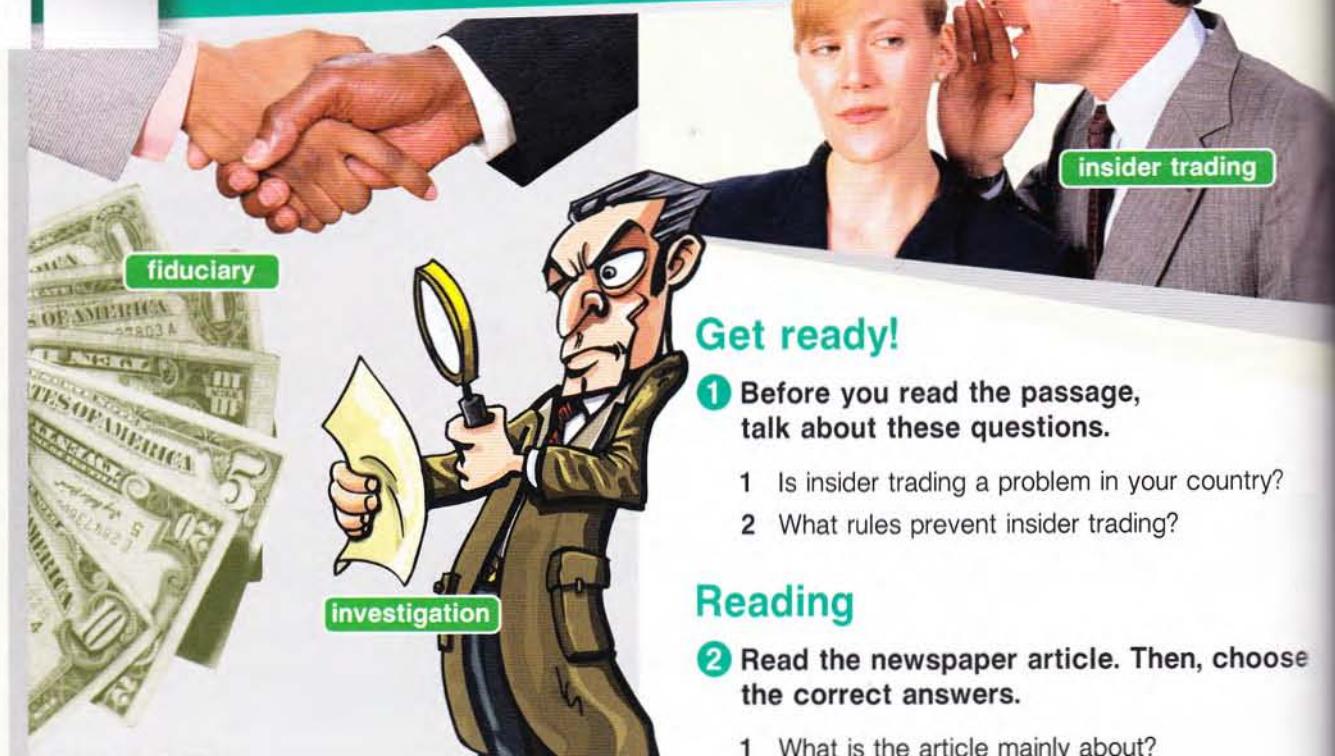
Subject: Software Update and Training Changes

Department to be trained: _____

Department conducting training: _____

Scheduling: _____

9 Regulation



BMP Hit with Investigation

by Charles Burns

A front office employee at BMP Finance Corporation, a leading investment company, is under investigation for insider trading. Many investors are currently questioning BMP's reliability due to these allegations. According to the ongoing investigation, an employee at BMP Finance provided insider information to a competing investment company. The BMP employee may have received monetary benefits in the quid pro quo arrangement.

The lead material witness is an employee at the competing investment corporation. This witness claims the BMP employee delivered non-public information in confidence on March 1. The witness agreed to testify in the upcoming trial. BMP Finance denies having any knowledge of a breach in their strict regulation policies. However, if the company was aware that the employee violated the law, it would face serious penalties.

The fiduciary of BMP Finance will issue a public statement regarding the corporation's standings this coming Monday. Financial investigators are advising investors to avoid BMP Finance until the issue is officially resolved.

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 Is insider trading a problem in your country?
- 2 What rules prevent insider trading?

Reading

- 2 Read the newspaper article. Then, choose the correct answers.

- 1 What is the article mainly about?
 - the results of a trial
 - a company's financial condition
 - the new rules on insider information
 - a crime that may have been committed
- 2 What is true of the suspect?
 - He agreed to testify in the trial.
 - He was employed as a fiduciary.
 - He took information from a competitor.
 - He worked for BMP Finance Corporation.
- 3 What do investigators recommend investors do?
 - not invest with BMP until further notice
 - review investment regulations
 - stop sharing insider information
 - check accounts for suspicious activity

Vocabulary

- 3 Match the words (1-5) with the definitions (A-E).

- | | |
|---------------|----------------|
| 1 — material | 4 — breach |
| 2 — fiduciary | 5 — confidence |
| 3 — violate | |

- | |
|--|
| A the act of breaking something |
| B a person who controls items in a trust |
| C the state of expected privacy |
| D to break a rule or law |
| E being essential to a topic or idea |

4 Read the sentence pair. Choose where the words best fit the blanks.

1 insider trading / insider information

A The man was arrested for _____.

B Never share _____.

2 investigation / regulation

A What _____ did she break?

B The _____ found the man was innocent.

3 non-public / quid pro quo

A The information is _____ and must not be told to anyone outside the company.

B In a _____ deal, both parties benefit.

5 Listen and read the newspaper article again. What does the lead witness claim the BMP employee did?

Listening

6 Listen to a conversation between two lawyers.

Mark the following statements as true (T) or false (F).

1 ___ The woman thinks the suspect acted alone.

2 ___ The suspect had access to trade information.

3 ___ BMP was going to take over another company.

7 Listen again and complete the conversation.

Lawyer 1: Oh, really? You think he had 1 _____ him?

Lawyer 2: I do. He knew too much about BMP's trades and plans.

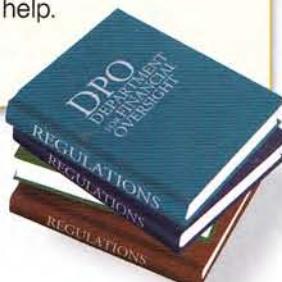
Lawyer 1: Are you 2 _____ ? After all, he worked in the front office. He had access to everything.

Lawyer 2: Well, that's true. He had access to information 3 _____. But that's not the only insider information he shared.

Lawyer 1: What 4 _____ ?

Lawyer 2: I mean, he also had information on BMP's plan to 5 _____ Excel Investments.

Lawyer 1: I didn't think about that. 6 _____ he could have known that without help.



Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Are you sure ...

But that's not the only ...

S/he also had ...

Student A: You are a lawyer.

Talk to Student B about:

- an insider trading investigation
- if the suspect had help
- information that was shared

Student B: You are a lawyer.

Talk to Student A about an investigation.

Writing

9 Use the conversation from Task 8 to fill out the lawyer's summary.

BMP Finance Corporation
Investigation Notes

Information shared: _____

Information suspect had access to: _____

Information suspect did not have access to: _____



Meet the Staff of Green Valley Bank



Greg Olson joined GVB six years ago and became **bank manager** last September. Greg **oversees** the day-to-day operation of the central branch. He **supervises** all bank departments, including the financial **advising** team.



Greg has a fantastic **work ethic**, and his positive attitude **motivates** everyone on his team to strive for excellence. His branch consistently meets **goals** for increasing business efficiency. Greg's recent efforts to improve the **organization** of bank management demonstrated his ability to **solve** complex problems.



Greg also maintains excellent **relationships** with bank customers. Many loyal customers say that his friendliness and enthusiasm keep them banking with GVB. Customers who meet Greg know right away that he is a man of honesty and integrity who can be trusted. With these superior personal skills, Greg has **expanded** GVB's **clientele** significantly.



Greg is always eager to meet new customers. Next time you are in the bank, feel free to stop by his office.

Get ready!

1 Before you read the passage, talk about these questions.

- What qualities are important in a manager?
- Why do people choose one bank over another?

Reading

2 Read the web page. Then, choose the correct answers.

- What is the purpose of the web page?
 - to describe qualities required in a manager
 - to explain what makes the bank successful
 - to introduce GVB's bank manager
 - to encourage people to bank with GVB
- According to the web page, what do customers think about Greg?
 - He is a skilled negotiator.
 - He is a trustworthy person.
 - He provides excellent discounts.
 - He runs an organized branch.
- Which is NOT one of the reasons that Greg is a good bank manager?
 - He is respected by the bank's customers.
 - He is able to solve difficult problems.
 - He improved the financial advising team.
 - He motivates other employees to do well.

Vocabulary

3 Match the words (1-7) with the definitions (A-G).

- | | | | |
|---|-------------|---|----------------|
| 1 | — branch | 5 | — supervise |
| 2 | — expand | 6 | — work ethic |
| 3 | — clientele | 7 | — relationship |
| 4 | — motivate | | |

- to monitor and direct something
- to make something increase
- a belief in working hard
- to inspire someone to do something
- the way people interact with each other
- people who visit a particular business
- one of a bank's local offices

- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 solve / oversee

- A The bank hired Judy to _____ the accounting department.
B The manager brought in a specialist to _____ the overstaffing problem.

2 goals / organization

- A Boris was afraid of being fired because he did not meet his monthly _____.
B Paula wrote a memo about the inefficient _____ of the staff scheduling.

3 bank manager / relationship

- A Phil's years of experience made him an excellent _____.
B The new employee hoped to develop a good _____ with the customers.

- 5 Listen and read the web page again. How do many of Greg's loyal customers describe him?

Listening

- 6 Listen to a conversation between a bank manager and an assistant. Mark the following statements as true (T) or false (F).

- 1 ___ The vacation policy is a topic at the meeting.
2 ___ The assistant misplaced the policy notes.
3 ___ Julian submitted a summary to the bank manager.



- 7 Listen again and complete the conversation.

- Bank manager:** Ms. Solano, do I have any appointments this morning?
Assistant: You have a meeting with the department managers at 9:45, Mr. Olson. 1 _____ several appointments with clients this afternoon.
Bank manager: I don't remember any meeting 2 _____. What's it about?
Assistant: First, you need to 3 _____ the new employee vacation policy. I have a copy of the policy notes, if you need them.
Bank manager: Yes, please bring them. I must have misplaced mine. What else is 4 _____ for the meeting?
Assistant: Then there's Julian from the New Accounts department. He wants to share his goals for starting 5 _____ with new customers.
Bank manager: Please ask Julian to submit a summary to me 6 _____.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

You have ... / Yes, please ... / Then there's ...

Student A: You are a bank manager. Talk to Student B about:

- your schedule
- an upcoming meeting
- necessary paperwork

Student B: You are an assistant. Talk to Student A about an upcoming meeting.

Writing

- 9 Use the conversation from Task 8 to fill out the bank manager's meeting notes.

GREEN VALLEY BANK

Meeting Notes



Topic 1: _____

Goal: _____

Topic 2: _____

Goal: _____

Get ready!

- 1** Before you read the passage, talk about these questions.

- What tasks do accountants do in an office?
- What is the importance of accurate accounting?

The Quail Village Hub

Classifieds > Jobs > Accountant

009108 Experienced accountant needed for a food delivery company. Responsibilities include making **cash disbursements** to vendors and ensuring appropriate levels of **inventory**. An ideal candidate will understand strategies for **procurement**. The job also involves **reporting** on **cash collections** and carefully tracking purchases made **on credit**.

009109 Calling all accountants! Professional Security Inc. is hiring **payroll** specialists to join our growing team. Accountants will prepare detailed **stubs** for employees, including information about **gross wages**. Duties also include generating reports on **total wages** and processing **deposits** into employees' **checking accounts**. Come see if PSI is the place for you!

009110 Quail Village Municipal Services seeks accountant qualified in **property accounting**. You will be responsible for analyzing and approving the city's property purchases. You will also monitor the status of city **equipment** and prepare **purchase orders** for new equipment as needed.



Reading

- 2** Read the online classifieds page. Then, fill in the blanks with the correct words and phrases from the word bank.

Word BANK

on credit inventory property
equipment direct deposits

A food delivery company needs an accountant for cash disbursements and maintaining 1 _____. The position includes tracking orders purchased 2 _____. Professional Security Inc. is looking for payroll accountants. They will prepare reports on wages and handle 3 _____. Quail Village Municipal Services wants someone experienced in 4 _____ accounting. This accountant will approve purchases and create purchase orders for 5 _____.

Vocabulary

- 3** Match the words (1-7) with the definitions (A-G).

- | | |
|-----------------|-------------------------|
| 1 ___ stub | 5 ___ procurement |
| 2 ___ payroll | 6 ___ cash collections |
| 3 ___ on credit | 7 ___ cash disbursement |
| 4 ___ inventory | |

- A acquiring goods at the best value
- B a list of employees and wages
- C taking something and agreeing to pay later
- D a piece of paper with paycheck details
- E payment made to meet previous obligations
- F total amount of money received in a month
- G a company's total supply of something

- 4** Write a word that is similar in meaning to the underlined part.

- The total salary paid decreased when the company employed fewer people. t _ t _ _ _ a g _ _
- The university hired an accountant to handle management of the value of land and equipment.
_ o p _ _ y _ c c _ _ t _ _ g
- Raymond submitted a document requesting that a company make a purchase for extra office supplies.
_ c h _ s _ _ r d _ _
- Wages before deduction of expenses are greater than what employees take home. g _ _ s s _ a g _ _
- Most people hold an account that allows holders to remove money by check or debit card.
_ c k _ _ g _ c _ _ u n _

- 5 Listen and read the online classifieds again. What responsibilities will the Quail Village accountant have?

Listening

- 6 Listen to a conversation between an accountant and an employer. Mark the following statements as true (T) or false (F).

- 1 ___ The man has previous payroll experience.
- 2 ___ The man created reports on cash disbursements.
- 3 ___ The woman needs an accountant to manage purchase orders.

- 7 Listen again and complete the conversation.

Accountant: Thank you for meeting with me. I'm 1 _____ about this job opportunity.

Employer: Well, I'm looking forward to learning more about you, Mr. Armstrong.

2 _____ accounting experience do you have?

Accountant: I spent four years in the payroll department at my previous job.

Employer: And what did you do there?

Accountant: I analyzed employment trends and prepared reports on 3 _____.

Employer: How did the company use that data?

Accountant: They used my reports to determine if hiring practices were 4 _____ the budget.

Employer: That's good. We really need someone with that kind of experience.

5 _____ . What else have you done?

Accountant: When 6 _____ in accounting, I managed cash disbursements and purchase orders for a small retail company.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Thank you for meeting with me.

What kind of experience do you have?

What else have you done?

Student A: You are an employer. Talk to Student B about:

- previous jobs
- accounting duties
- your company's accounting needs

Student B: You are interviewing for a position. Answer Student A's questions.

Writing

- 9 Use the conversation from Task 8 to fill out the employer's notes.



Employer's notes

Applicant name: _____

Position applying for: _____

Previous experience: _____

Responsibilities: _____

TAX CONSULTANT

Main Street Financial Services is seeking applicants for the position of **tax consultant**. Tax consultants at Main Street are not just **tax preparers**. Our consultants are up-to-date on the latest changes to the tax laws. They know how to find **deductions** that give our clients the biggest **refunds**.

Most importantly, a Main Street tax consultant must be a guide, teacher and counselor for our clients. Here at Main Street, we listen and learn about our clients' lives and their financial **circumstances**. Our clients will bring us their problems: **back taxes**, **tax debt**, **tax returns** they **filed** incorrectly. Whatever the tax issue, we **assist** a client until it is resolved. We not only provide support during **audits** but also **advice** to avoid future problems. Applicants must have at least 5 years' experience in tax preparation or consulting. If you would like to join a great team, send a resume and cover letter to a.meyers@mainstreetfinances.com.

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 How do people feel about taxes in your country?
- 2 What are some common tax problems people have in your country?

Reading

- 2 Read the job posting. Then, mark the following statements as true (T) or false (F).

- 1 ___ The company needs help reviewing its tax return.
- 2 ___ The company helps people during audits.
- 3 ___ The company wants a consultant who has a minimum of five years of experience.



back taxes

Year	Unpaid T
2008	\$2,000
2010	\$1,500

refund



Vocabulary

- 3 Match the words (1-7) with the definitions (A-G).

- | | | | |
|---|------------------|---|-------------|
| 1 | — tax consultant | 5 | — deduction |
| 2 | — circumstances | 6 | — audit |
| 3 | — tax return | 7 | — advice |
| 4 | — back taxes | | |
- A an inspection of financial records
 B a person who helps people organize their taxes
 C a form that states how much taxes they have paid or owe
 D an expense that reduces a person's taxes
 E unpaid taxes from years before
 F the general conditions of something
 G help or guidance

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

file assist tax debt
 refund tax preparer taxes

- 1 Carl did not pay his ___ last year and now he owes the government money.
- 2 Hire a ___ to avoid errors on your return.
- 3 I need someone to ___ me with my tax return.
- 4 Failure to complete a return can lead to a large ___.
- 5 The man deposited his ___ in the bank.
- 6 You must ___ your return by the 20th.

6 Listen and read the job posting again. What types of problems do clients bring Main Street tax consultants?

Listening

7 Listen to a conversation between a tax consultant and a client. Choose the correct answers.

- 1 Why is the man at the office?
 - A to get advice about an audit
 - B to ask for help with a tax return
 - C to check if his return was filed
 - D to review past tax returns
- 2 What is true of the man?
 - A He is expecting a large return.
 - B He used a tax preparer last year.
 - C He cannot afford the consultant's rate.
 - D He did not pay his taxes a few years ago.

8 Listen again and complete the conversation.

Client: Well, I didn't pay my taxes a few years ago. So I have a big 1 _____.

Consultant: Okay, that's important to know. Now, did you pay your taxes last year?

Client: Yes. But I didn't use a 2 _____. I think I made a lot of mistakes.

Consultant: Don't worry. That's something we can fix. 3 _____ I should know?

Client: Not that I can think of. 4 _____ I'll get an audit?

Consultant: It's possible. But 5 _____ your past returns before I know.

Client: Great. I just have one last question. How much will this cost?

Consultant: 6 _____. I charge by the hour.



Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I think I made a lot of mistakes.

That's important to know ...

Is there anything else ...

Student A: You are a tax consultant. Talk to Student B about his or her:

- financial circumstances
- last year's taxes
- tax problems

Student B: You are visiting a tax consultant. Answer Student A's questions

Writing

9 Use the conversation from Task 8 to fill out the form at a tax consultant's office.



Tax consultant form

Client Name: _____

Reason for visit: _____

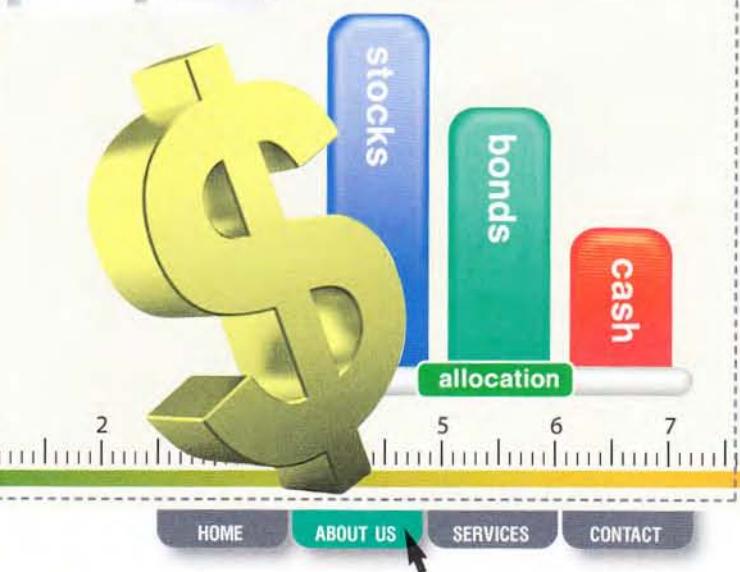
Current Financial Circumstances: _____

Did you pay taxes last year? _____

Have you used a consultant or preparer before? _____

List any tax problems: _____

13 Financial advisor



Get ready!

1 Before you read the passage, talk about these questions.

- 1 What questions should financial advisors ask their clients?
- 2 What are the most popular types of investments in your country?

Reading

2 Read the web page. Then, mark the following statements as true (T) or false (F).

- 1 ___ Acme Advisors sells only insurance products.
- 2 ___ Advisors in the company are paid according to how many sales they make.
- 3 ___ Acme Advisors creates an investor profile for each customer.

In today's unstable financial climate, it's hard to feel secure. Choosing a **financial advisor** is a tough decision. There are a lot of investment firms out there. Not all of them are concerned about your **best interests**.

Acme Advisors helps folks invest safely. **Financial planning** is our only business. We spend time with you to learn about your goals and dreams. We provide a **risk assessment** to find the strengths and weaknesses of your finances and your portfolio. We create an **investor profile** based on your comfort level with risk. Once we fully understand your needs, we recommend **asset allocations** (stocks, bonds, **insurance products**) that provide steady growth. Most importantly, we help you find peace of mind.

Acme Advisors NEVER charges **commissions**. We are **fee-only** advisors. No commissions means no **conflicts of interest**. We charge by the hour and you pay us directly. Acme Advisors keeps your **best interests at heart**.

Vocabulary

3 Read the sentence pair. Choose where the words best fit the blanks.

1 **risk assessment / investor profile**

- A summary of a client's investments and investing style is a (n) _____.
- _____ tests how willing a client is to lose money.

2 **financial planning / insurance product**

- _____ helps people raise money for retirement.
- People purchase a(n) _____ to protect themselves against losses.

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

asset allocation conflict of interest fee-only
commission best interests financial advisor

- John asked his _____ for investment recommendations.
- Mary earns a(n) _____ when she advises her client.
- A good financial planner works in his client's _____.
- A(n) _____ financial advisor charges by the hour.
- Dividing money between stocks and bonds is called _____.
- A professional that allows personal interests to affect professional decisions has a _____.

- 5 Listen and read the web page again. What is the purpose of conducting a risk assessment?

Listening

- 6 Listen to a conversation between a broker and a client. Mark the following statements as true (T) or false (F).

- The woman feels that her investments are secure.
- Risk assessment can prevent market crashes.
- The woman has only invested money in stocks.

- 7 Listen again and complete the conversation.

Advisor: Well, why don't you 1 _____ your money is invested?
Investor: I have some stock and 2 _____.
Advisor: Got it. We can look at those 3 _____ later. Now, what's your biggest concern?
Investor: 4 _____, I'm afraid of losing my money.
Advisor: I can start with a 5 _____ to see what types of stocks you should avoid.
Investor: Okay. So, is buying stocks 6 _____ way to invest?
Advisor: Usually they are. But it's a good idea to divide your money between stocks, bonds and insurance products. Asset allocation protects your money if the market goes down.

2 3 4 5 6 7 8 9 10

low risk

high risk

risk assessment

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Why don't you tell me ...

What's your biggest concern ...

It is a good idea to ...

Student A: You are a financial advisor. Talk to Student B about:

- concerns
- safe investments
- risk assessment.

Student B: You are a financial advisor's client. Talk to Student A about your investments.

Writing

- 9 Use the conversation from Task 8 to fill out the financial advisor's notes.



Meeting notes

Advisor: _____

Client: _____

Client's Concerns: _____

Current Investments: _____

Recommendations: _____

Net Worth Stock Brokerage

Have you been thinking about investing in the **stock market**? Trading stocks and bonds can be very confusing. Net Worth Stock **Brokerage** is here to help. Other firms have **sales agents** who provide limited **services**. We offer an array of financial services to match a **client's** style of investing. What's yours?

You are nervous or new to investing – You may want **discretionary dealing**. Based on your financial goals, your personal **stock broker** makes investment decisions **on your behalf**.

*You like to make your own decisions, but need advice – You may want **advisory dealing**. Your personal broker will **advise** you on investments and provide recommendations. You make the final decision on when, where and how your money is invested.*

*You understand the **stock exchange** and know where and how to invest your money – You may want **execute-only** services. Your personal broker will only **carry out** your orders to buy or sell on national and international stock exchanges.* ■



Get ready!

1 Before you read the passage, talk about these questions.

- Do most people in your country use stock traders or trade stocks online?
- Who do people turn to for advice on the stock market?

Reading

2 Read the stock brokerage web page. Then, choose the correct answers.

- What is the purpose of the website?
 - to compare stocks and bonds
 - to list brokers' qualifications
 - to describe a business's services
 - to give advice on investments
- Which is NOT a service offered on the website?
 - advisory dealing
 - investment classes
 - discretionary dealing
 - execute-only services
- What service does an execute-only broker provide?
 - giving advice to clients
 - carrying out clients' orders
 - making decisions for clients
 - suggesting stocks to clients

Vocabulary

3 Match the words (1-5) with the definitions (A-E).

- | | | | |
|---|------------|---|-------------------|
| 1 | — client | 4 | — advise |
| 2 | — exchange | 5 | — on one's behalf |
| 3 | — service | | |

- | | |
|---|--|
| A | a place where stocks are bought and sold |
| B | to serve as someone's representative |
| C | someone who buys goods and services |
| D | an action that a professional is paid to do for a client |
| E | to guide or give information needed to make a decision |

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

exchange carry out
execution-only services advise

- 1 A broker provides _____ to his client.
- 2 Stocks are sold on the _____.
- 3 Larry chooses his own stocks, so he hired a(n) _____ broker.
- 4 Some brokers just _____ clients' orders while others help make decisions.
- 5 John didn't know what to invest in, so he asked a broker to _____ him.

- 5 Listen and read the web page again. If you prefer that your personal broker decides where to invest your money, which brokerage service will you opt for?

Listening

- 6 Listen to a conversation between two brokers. Mark the following statements as true (T) or false (F).

- 1 Most of the man's new clients want execution-only services.
- 2 Both brokers prefer to give discretionary dealing services.
- 3 The man is going to meet with his manager.

- 7 Listen again and complete the conversation.

Broker 2: It is, thanks. I've got two new companies and several individuals.
Broker 1: Good for you. So, what kind of 1 _____?
Broker 2: It varies. But most of them want 2 _____.
Broker 1: That's the most interesting type of client, 3 _____. A lot of mine want execution-only.
Broker 2: I've been there. I 4 _____ to just carry out clients' orders. I want to help them learn about the exchange.
Broker 1: 5 _____! I'd rather advise my clients on how to manage their money and make it grow.
Broker 2: Well, I should 6 _____. I have to meet with one of the new clients.



Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What kind of ...
Most of them want ...
I find it boring to ...

Student A: You are a stock broker. Talk to Student B about:

- new clients
- favorite services
- least favorite services

Student B: You are a stock broker. Ask Student A about clients.

Writing

- 9 Use the conversation from Task 8 to fill out the stock broker's file.

New Client Data

Client 1

Name: _____

Company: _____

Services Requested: _____

Services Provided: _____

Client 2

Name: _____

Company: _____

Services Requested: _____

Services Provided: _____

The Life of a Trader

By: Susan Stone

William Remmy is a **stock trader**. He's employed by Graystone Investments, a very successful **investment firm**. Like many traders, William earns a significant **salary** with potential for a large annual **bonus** that is determined by the profit he brings in. For that reason, people are often jealous of traders like Mr. Remmy. After all, it seems like a lot of money in exchange for easy work. But being a well-paid trader is harder than it appears to be. That's because working for wealthy firms and individuals isn't like being a casual **day trader**.

William is always busy **monitoring** the stock market and studying trends. But that's not all. He must know what is going on in the **capital, derivatives** and **currency markets** as well. He has to be available to his **portfolio manager** at any hour of the day and ready to follow his **directions** at a moment's notice. And if he makes a purchase or sale at the wrong **price**, he might lose millions. So there absolutely is a financial reward to being a trader. But the job comes with stress, demands and requires special knowledge. And that makes a successful high-stakes trader worth every penny for investment firms.



Get ready!

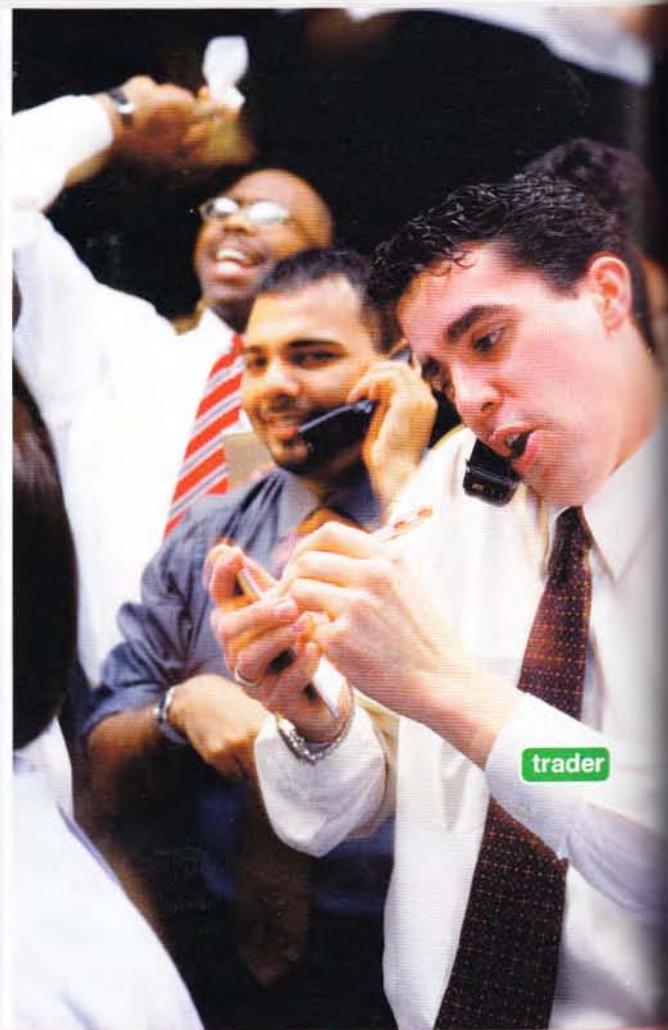
1 Before you read the passage, talk about these questions.

- 1 What are the benefits of being a trader?
- 2 What are the stresses and demands of being a trader?

Reading

2 Read the article in a business journal. Then, mark the following statements as true (T) or false (F).

- 1 ___ Mr. Remmy's bonus is determined by the number of trades he makes.
- 2 ___ Mr. Remmy is a portfolio manager.
- 3 ___ Traders monitor four types of markets.



trader

Vocabulary

3 Match the words (1-8) with the definitions (A-H).

- | | |
|-----------------|-----------------------|
| 1 ___ bonus | 5 ___ day trader |
| 2 ___ direction | 6 ___ monitor |
| 3 ___ price | 7 ___ investment firm |
| 4 ___ salary | 8 ___ currency market |

- A a place to buy and sell foreign money
- B money given to an employee in addition to regular payment
- C a person who buys and sells stock, but not professionally
- D to observe something
- E the regular payment one receives for work
- F an instruction
- G the amount of money that something costs
- H a company that invests money for clients

4 Write a word that is similar in meaning to the underlined part.

- 1 The market for trading securities is very complex.
c _ _ i _ a _ m _ _ _ e _
- 2 Leave trades on the value placed on other financial assets to the professionals. _ e _ _ v _ _ i _ s _ r _ e _
- 3 A good investment controller earns millions for firms.
_ o _ t _ _ l _ _ m _ _ a _ e _
- 4 People who buy and sell stocks have a lot of responsibility.
s _ _ k _ r _ _ e _

5 Listen and read the article again. What reasoning does the author give for people responding negatively to traders like Mr Remmy?

Listening

6 Listen to a conversation between a reporter and a trader. Choose the correct answers.

- 1 What is the conversation mainly about?
 - A the benefits of being a trader
 - B misconceptions about being a trader
 - C how competitive traders are
 - D similarities between day traders and professional traders
- 2 What does the man say about day traders?
 - A They must have a license.
 - B They lose more than they earn.
 - C They make money for their clients.
 - D They work harder than people realize.

7 Listen again and complete the conversation.

Reporter: First, how do you become a 1 _____?

Trader: Well, to be a professional, you have to go to school and 2 _____ first.

Reporter: I didn't know that.

Trader: Most people don't. That's because a lot of day traders buy and sell stock from home 3 _____ training.

Reporter: So, if day traders can do the same work you do, is the education necessary?

Trader: Well, there's a big 4 _____ professional traders and day traders.

Reporter: Could you 5 _____ more?

Trader: 6 _____, day traders don't make much money. In fact, they usually lose more than they make.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

First, how do you become ...

Is the education necessary?

To be honest, ...

Student A: You are a reporter. Ask Student B about:

- becoming a trader
- day traders
- misconceptions

Student B: You are a trader. Answer Student A's questions about your job.

Writing

9 Use the conversation from Task 8 to fill out the reporter's notes.



Interview Notes

Trader Name: _____

Becoming a trader: _____

Opinion of day traders: _____

Misconceptions: _____

Glossary

- acquisition** [N-COUNT-U6] An **acquisition** is when one company buys another company.
- advice** [N-UNCOUNT-U12] **Advice** is help and guidance in understanding tax rules and preparing the tax return.
- advise** [V-T-U14] To **advise** is to guide and give information needed to make a decision.
- advisory dealing** [N-UNCOUNT-U14] **Advisory dealing** is a service in which the broker only gives advice on which stocks to buy or sell.
- aggressive** [ADJ-U2] If an investment style is **aggressive**, it involves higher risks for potentially higher rewards.
- asset allocation** [N-COUNT-U13] **Asset allocation** is the division of investments into stocks, bonds and other investment products.
- assist** [V-T-U12] To **assist** is to help or support someone with a task.
- audit** [N-COUNT-U12] An **audit** is an inspection of records or financial accounts to check their accuracy.
- back office** [N-COUNT-U8] The **back office** is the part of an investment bank that is responsible for administrative support.
- back taxes** [N-COUNT-U12] **Back taxes** is money owed to the government that was not paid on time.
- bank manager** [N-COUNT-U10] A **bank manager** is someone who supervises the employees and daily operations of a bank.
- bear market** [N-COUNT-U5] A **bear market** is a time when the worth of stocks is decreasing.
- best interests** [N-COUNT-U13] **Best interests** means that the professional acts in a way that guards the client from harm or loss.
- bonds** [N-COUNT-U1] **Bonds** are investments wherein the issuer lends funds to a borrower who agrees to pay interest on the money borrowed.
- bonus** [N-COUNT-U15] A **bonus** is extra money received in addition to a salary; often as a reward for good work.
- branch** [N-COUNT-U10] A **branch** is one of a bank's local offices.
- breach** [N-COUNT-U9] A **breach** is the act of breaking or rupturing something.
- brokerage** [N-COUNT-U14] A **brokerage** is a firm that is licensed to sell or buy stocks, bonds, commodities and options.
- bull market** [N-COUNT-U5] A **bull market** is a time when the worth of shares is increasing and people are purchasing them, a rising market.
- capital** [N-UNCOUNT-U7] **Capital** is money or other assets used to start or fund a business.
- capital market** [N-COUNT-U15] A **capital market** is a market for trading securities.
- carry out** [V-T-U14] To **carry out** an order is to follow through with the client's order to buy or sell a stock or bond.
- cash collections** [N-COUNT-U11] **Cash collections** are the total amount of money received during a particular month, often including credit sales from the previous month.
- cash disbursement** [N-COUNT-U11] A **cash disbursement** is a payment made to meet previous obligations, such as salaries or loan repayments.
- cash in** [V-T-U3] To **cash in** an investment is to redeem it for its monetary value thereby collecting accrued capital gains.
- certificate of deposit** [N-COUNT-U1] A **certificate of deposit** is a deposit of money at a bank or other financial institution for a specific amount of time, after which a fixed rate of interest is collected.
- CFO** [N-COUNT-U7] A **CFO (Chief Financial Officer)** is the top financial executive in a company.
- checking account** [N-COUNT-U11] A **checking account** is an account that someone holds at a bank that allows the holder to write checks or use a debit card to remove money.
- circumstances** [N-COUNT-U12] **Circumstances** are a person's financial condition, including income, savings and debt.
- clear** [V-T-U8] To **clear** a trade is to ensure that the trade follows regulations.
- client** [N-COUNT-U14] A **client** is someone who buys goods and services.
- clientele** [N-UNCOUNT-U10] **Clientele** is the group of people who regularly visit a particular business.

climb [V-I-U5] To **climb** is to increase in amount or value.

close at [V PHRASAL-U5] To **close at** is to be worth a certain value at the close of a day's trading.

comfort zone [N-COUNT-U2] A **comfort zone** is a level of risk to which someone is accustomed, and in which he or she is comfortable.

commensurate [ADJ-U7] If something is **commensurate** with something else, it corresponds to that thing in size, degree or amount.

commission [N-COUNT-U13] A **commission** is money paid to a professional for selling a product or service.

compliance [N-UNCOUNT-U7] **Compliance** is when someone obeys the rules.

conflict of interest [N-COUNT U13] A **conflict of interest** is a situation where an individual allows private interests to improperly affect professional decisions.

conservative [ADJ-U2] If an investment style is **conservative**, it involves less risk in order to make predictable investments.

contribution [N-COUNT-U3] A **contribution** is money deposited into a retirement account such as an IRA, periodically, from each paycheck, or otherwise.

corporation [N-COUNT-U9] A **corporation** is a big company or group of companies which act as one.

crash [N-COUNT-U5] A **crash** is an occasion where the stocks and shares in a stock market lose large amounts of value.

credit risk [N-UNCOUNT-U7] **Credit risk** is uncertainty caused by the potential for a borrower to not repay a debt.

currency market [N-COUNT-U15] A **currency market** is a market for selling and buying currency from different countries.

CV (Curriculum Vitae) [N-COUNT-U7] A **CV (Curriculum Vitae)** is a summary of a professional's education and work history.

data-checking [N-UNCOUNT-U8] **Data-checking** is the process of making sure information is valid and correct.

day trader [N-COUNT-U15] A **day trader** is a person that buys and sells stocks in a single day during his or her free time and not as a career.

debt capital [N-UNCOUNT-U6] **Debt capital** is money obtained by a business through issuing bonds.

deduction [N-COUNT-U12] A **deduction** is an expense or circumstance that a person lists on a tax return which reduces the amount of tax he or she owes.

derivatives market [N-COUNT-U15] A **derivatives market** is a market where legal agreement in the value placed on another financial asset, at a particular point in time, are traded.

dip [V-I-U5] To **dip** is to be worth less for a brief amount of time.

direct deposit [N-UNCOUNT-U11] **Direct deposit** is a way of banking without having to use paper checks.

direction [N-COUNT-U15] A **direction** is an instruction or guidance in order to improve or complete a task.

discretionary dealing [N-COUNT-U14] **Discretionary dealing** is a service in which a broker makes all trading decisions based on the client's financial goals.

dividends [N-COUNT-U4] **Dividends** are payments made to shareholders of a company as portions of the company's profit.

equipment [N-UNCOUNT-U11] **Equipment** is the tools or items required to get a job done.

equity capital [N-UNCOUNT-U6] **Equity capital** is the money invested into a business via stockholders.

equity [N-UNCOUNT-U1] **Equity** is a monetary value of ownership in a business which includes investments of stock in the business.

exchange [N-COUNT-U14] An **exchange** is a place where stocks and securities are bought and sold.

execute-only [ADJ-U14] If something is **execute-only**, it is a type of service where the broker only buys and sells a stock or bond for a client and provides no other services or advice.

expand [V-T-U10] To **expand** something is to cause something to increase.

Glossary

- fee-only** [ADJ-COUNT-U13] **Fee-only** means that the advisor is paid directly by the client instead of earning a commission.
- fiduciary** [N-COUNT-U9] A **fiduciary** is a person that possesses belongings in trust as a beneficiary.
- file** [V-T-U12] To **file** a tax return is to send the taxpayer's information about income and tax liability to the government using a tax return form.
- financial advisor** [N-COUNT-U13] A **financial advisor** is a professional who is paid to help individuals and corporations to manage their money through investments, insurance and retirement plans.
- financial controller** [N-COUNT-U7] A **financial controller** is an employee who directs, measures, and monitors how financial resources are used.
- financial planning** [N-UNCOUNT-U13] **Financial planning** is a process where a financial advisor guides a person or corporation in making decisions about how their money will be invested for the future.
- front office** [N-COUNT-U6] The **front office** is the part of an investment bank that offers services to customers such as making sales and trades, raising funds, and providing research.
- gain** [V-I-U5] To **gain** is to rise in value or number.
- goal** [N-COUNT-U2] A **goal** is a planned level of success or achievement towards which a person works.
- going concern** [N-COUNT-U4] A **going concern** is a company that has the ability to continue operating as a business.
- gross wages** [N-COUNT-U11] **Gross wages** are an employee's wages before taxes and other expenses are deducted.
- high** [ADJ-U4] If something is **high**, it is above average or above what it was previously in value.
- in confidence** [PHR-U9] If something is given **in confidence**, it is to be kept secret.
- industry coverage group** [N-COUNT-U6] An **industry coverage group** is the part of an investment bank front office that builds business relationships in a certain industry in order to bring in new business.
- information technology** [N-UNCOUNT-U8] **Information technology** is a field that deals with computers used for storing and retrieving information.
- insider information** [N-UNCOUNT-U9] **Insider information** is valuable information about a corporation's plans or financial standing that remain unknown to the public.
- insider trading** [N-UNCOUNT-U9] **Insider trading** is the illegal act of using insider information to buy or sell a corporation's securities to make a profit or avoid a loss.
- insurance products** [N-COUNT-U13] **Insurance products** are financial contracts between an insurance company and a customer in which the customer pays premiums and the company agrees to pay out a certain sum of money if a loss occurs.
- inventory** [N-UNCOUNT-U11] **Inventory** is the total supply of something that is stored in a particular place.
- investigation** [N-COUNT-U9] An **investigation** is a process of searching for facts in order to prove something.
- investment** [N-COUNT-U1] An **investment** is something acquired at an expense with the intention of gaining profit from it in the future. Investment is also the act of acquiring such things.
- investment bank** [N-COUNT-U6] An **investment bank** is a bank that mainly specializes in buying and selling securities.
- investment banking** [N-UNCOUNT-U6] **Investment banking** is the practice of raising capital for businesses or individuals through investments.
- investment firm** [N-COUNT-U15] An **investment firm** is a type of business that invests your money into stocks for clients.
- investor profile** [N-COUNT-U13] An **investor profile** is a summary of an investor's investing style and investments.
- IPO (Initial Public Offering)** [N-COUNT-U4] An **IPO (Initial Public Offering)** is when a company makes its stock available to the public for the first time.
- IRA (Individual Retirement Account)** [N-COUNT-U3] An **IRA (Individual Retirement Account)** is a plan for saving retirement money that provides tax relief on income placed in the fund.
- launch** [V-T-U6] To **launch** is to make a product or service available that was previously unavailable.
- limit** [N-COUNT-U7] A **limit** is a point that cannot be passed.

lose [V-T-U5] To **lose** value is to decrease in worth or number.

low [ADJ-U4] If something is **low**, it is below average or below what it was previously in value.

market risk [N-UNCOUNT-U7] **Market risk** is uncertainty caused by day-to-day changes in prices of securities.

match [V-T-U3] To **match** a deposit or contribution is to make an equal contribution as another party, such as an employee or employer.

material [ADJ-U9] If evidence is **material**, it is an essential component to the subject being discussed.

merger [N-COUNT-U6] A **merger** is when two or more companies combine into one.

middle office [N-COUNT-U7] The **middle office** is the part of a financial company that manages risks and information technology resources.

moderate [ADJ-U2] If an investment style is **moderate**, it involves a medium level of risk in investing.

money market account [N-COUNT-U1] A **money market account** is an account with a bank wherein the money deposited is invested by the bank in various types of securities.

monitor [V-T-U15] To **monitor** something is to carefully observe and check a situation to see how it varies over time.

motivate [V-T-U10] To **motivate** someone is to inspire someone to do something.

mutual fund [N-COUNT-U1] A **mutual fund** is a collective investment scheme run by a professional investment manager who pools the money of several investors into a diverse variety of stocks, bonds and other investments.

non-public [ADJ-U9] If something is **non-public**, it is for private use only.

on (one's) behalf [PHRASE-U14] To act **on one's behalf** means to serve as someone's representative.

on credit [ADV-U11] If something is purchased **on credit**, the buyer takes something and agrees to pay for it later.

open at [V-PHRASAL-U5] To **open at** is for a stock to have a certain value at the beginning of a day's trading.

operational risk [N-COUNT-U7] **Operational risk** is uncertainty caused by day-to-day operations of a company such as equipment breakdowns and personnel problems.

operations [N-UNCOUNT-U8] **Operations** are the financial transactions at an investment bank which include trades and customer records.

organization [N-UNCOUNT-U10] **Organization** is the way that people or things are arranged or distributed.

oversee [V-T-U10] To **oversee** something is to observe something to ensure it is done correctly.

payroll [N-COUNT-U11] A **payroll** is a list of a company's employees and their wages.

pension [N-COUN-U3] A **pension** is an arrangement with an employer, insurance company or trade union for a person to receive an income when he or she is no longer employed, usually upon retirement.

personal investment [N-COUNT-U2] A **personal investment** is a purchase made by an individual with the expectation of financial gain.

pitch book [N-COUNT-U6] A **pitch book** is an analysis of investment opportunities used by investment banks to market their services to potential clients.

point [N-COUNT-U5] A **point** is a measurement equivalent to one U.S. dollar in the stock market.

pool [V-T-U1] To **pool** something, such as money to be invested, is to bring it from several different sources and use it as one collective amount.

portfolio [N-COUNT-U3] A **portfolio** is a person's or company's collection of investments.

portfolio manager [N-COUNT-U15] A **portfolio manager** is a person who manages investments and instructs traders.

price [N-COUNT-U15] A **price** is the amount of money that must be paid for something.

procurement [N-UNCOUNT-U11] **Procurement** is the process of purchasing or acquiring goods or services at the best possible value.

product coverage group [N-COUNT-U6] A **product coverage group** is the part of an investment bank front office that provides financial products to customers.

Glossary

- profit** [N-COUNT/UNCOUNT-U4] **Profit** is the money left after selling something and paying any costs.
- profit sharing** [N-UNCOUNT-U3] **Profit sharing** is an incentive plan wherein employees of a company receive payments, in addition to their wage or salary, that depend on the level of profits earned by the company.
- property accounting** [N-UNCOUNT-U11] **Property accounting** is a way of managing the value of property, such as land, buildings, or equipment, by defining it in monetary terms.
- proprietary trading** [N-UNCOUNT-U6] **Proprietary trading** is trading done by an investment bank for its own profit rather than for its customers.
- public** [ADJ-U4] If something is **public**, it is available to the general population and not exclusive to only certain people.
- purchase** [V-T-U1] To **purchase** something is to buy it, or pay an amount of money to own it.
- purchase order (PO)** [N-COUNT-U11] A **purchase order** is a document that an employee submits to a company to request the purchase of something.
- quid pro quo** [N-ADJ-U9] If an exchange is **quid pro quo**, it means one person agreed to provide something in order to receive help or favor from the other.
- raise** [V-T-U6] To **raise** is to increase the quantity of something such as money for an investment.
- real estate** [N-UNCOUNT-U1] **Real estate** is property in the form of land and its improvements.
- refund** [N-COUNT U-12] A **refund** is money returned from the government when a person has paid too much tax or too much tax was taken out of his or her salary.
- regulation** [N-COUNT-U9] A **regulation** is an official rule or law that controls conduct.
- relationship** [N-COUNT-U10] A **relationship** is the way two people interact with each other.
- report** [V-T-U11] To **report** on something means to provide information on it.
- retirement** [N-UNCOUNT-U2] **Retirement** is the point in life at which a person stops working for a living.
- retirement age** [N-UNCOUNT-U3] **Retirement age** is the age at which a person is legally allowed to receive the tax and pension benefits of retired persons in a particular nation or state.
- risk tolerance** [N-UNCOUNT-U2] **Risk tolerance** is how well a person deals with the chance of loss.
- risk assessment** [N-COUNT-U13] A **risk assessment** is an examination of an individual or company's willingness to make risky investments.
- risk aversion** [N-UNCOUNT-U2] **Risk aversion** is a person's level of reluctance to face the chance of loss.
- risk management** [N-UNCOUNT-U7] **Risk management** is the process of analyzing and responding to uncertainty in an investment decision situation.
- risk-free** [ADJ-U2] If something is **risk-free**, it involves no chance of loss.
- rollover** [N-COUNT-U3] A **rollover** is the transfer of funds from a retirement account into an IRA, not directly, but by way of a check written to the account holder, who then deposits the money into the new IRA.
- Roth IRA** [N-COUNT-U3] A **Roth IRA** is a retirement savings plan wherein tax reductions occur when the money is removed from the fund upon retirement.
- salary** [N-COUNT-U15] A **salary** is the income one receives regularly for performing a job.
- sales agent** [N-COUNT-U14] A **sales agent** is a professional who sells banking and investment products and services.
- securities** [N-COUNT-U1] **Securities** are contracts regarding ownership, or debt agreements such as stocks and bonds, that can be bought, sold, or traded.
- sell** [V-T-U1] To **sell** something is to surrender ownership of it to another in exchange for an amount of money.
- service** [N-COUNT-U14] A **service** is an action that a professional is paid to do for a client.
- settle** [V-T-U8] To **settle** is to pay money owed to another person or entity.
- share** [N-COUNT-U4] A **share** is one unit which a public company is divided into. Each share provides partial ownership of the company.

shareholder [N-COUNT-U4] A **shareholder** is someone who owns shares of stock in a company.

skyrocket [V-I-U5] To **skyrocket** is to increase rapidly.

software [N-UNCOUNT-U8] **Software** is a program that tells a computer what to do.

solve [V-T-U10] To **solve** something is to find an answer or solution to something.

state-of-the-art [ADJ-U8] If a machine is **state-of-the-art**, it uses the best and most recently developed technology.

stock broker [N-COUNT-U14] A **stock broker** is a professional who is paid by a client to buy or sell stocks, bonds, commodities and options.

stock exchange [N-COUNT-U14] A **stock exchange** is a place where stocks and securities are bought and sold.

stock market [N-COUNT-U4] A **stock market** is an electronic or physical location for the buying, selling, and trading of stocks, bonds, and other securities.

stock trader [N-COUNT-U15] A **stock trader** is a person that buys and sells stocks in the stock market.

stocks [N-COUNT-U1] **Stocks**, or shares of stock, are portions of ownership in a company.

stub [N-COUNT-U11] A **stub** is a piece of paper that shows the details of an employee's paycheck.

supervise [V-T-U10] To **supervise** something is to monitor and direct the process of something.

tax [N-COUNT-U3] A **tax** is a financial charge placed on something by a government in order to collect payment for the service of governing.

tax consultant [N-COUNT-U12] A **tax consultant** is a person who helps individuals or companies with tax issues or problems.

tax debt [N-COUNT-U12] **Tax debt** is money owed to the government for unpaid taxes.

tax preparer [N-COUNT-U12] A **tax preparer** is a person who calculates financial information and fills out and files tax returns for clients.

tax return [N-COUNT-U12] A **tax return** is a form issued by a government that a person uses to pay taxes.

tech support [N-UNCOUNT-U8] **Tech support** is a service that provides assistance for using or solving problems with technology.

total wages [N-COUNT-U11] **Total wages** are the total amount of money that a company pays its employees.

trade [N-COUNT-U8] A **trade** is a financial transaction that involves selling and buying a security.

trade [V-T-U4] To **trade** something, such as stocks, is to exchange it for something else.

trader [N-COUNT-U8] A **trader** is someone who buys and sells financial products for a living.

trade confirmation [N-UNCOUNT-U8] A **trade confirmation** is a statement verifying that a trade took place.

trend [N-COUNT-U5] A **trend** is a general repetition or tendency to do the same thing for a period of time.

trust [N-COUNT-U3] A **trust** is an arrangement wherein one person's property, assets, or investments are managed by another.

up-and-coming [ADJ-U6] If a company or person is **up-and-coming**, that company or person shows signs of becoming very successful soon.

update [N-COUNT-U8] An **update** of something is the most recent information or version of technology.

value [N-UNCOUNT-U5] The **value** of something is the amount or quantity of the thing.

violate [V-T-U9] To **violate** is to break or oppose a law, agreement, or principle.

work ethic [N-COUNT-U10] A **work ethic** is a belief that working hard is important.

**CAREER
PATHS**

Finance

Book
3

Virginia Evans
Jenny Dooley
Ketan C. Patel



Express Publishing

Scope and sequence

Unit	Topic	Reading context	Vocabulary	Function
1	Supply, demand, and prices	Newspaper article	supply, demand, price, quantity, sale, determine, consumer, spending, trend, supply, good, elasticity, downturn, surplus	Making suggestions
2	Starting a business	Business book	start up, business plan, initial, contribution, sales revenue, break-even, margin, gross, profit, location, legal structure, license, permit	Describing progress
3	Balance sheets	Email and balance sheet	retained profit, capital reserve, working capital, quick ratio, default, depreciation, current assets, current liabilities, fixed assets, long term liabilities, Certified Public Accountant, plant	Explaining terms
4	Profit and loss accounts	Business letter and P&L account	profit and loss account, income statement, revenue, cost of sales, cost of goods sold, depreciation, expenses, margin, overhead, gross profit, net profit, net sales	Making suggestions
5	Sales forecasts	Sales forecast	sales forecast, predict, expect, competition, existing, volume, estimate, contract, comparison, past sales, seasonal trend, factor, pricing policy	Describing possibilities
6	Controlling operations	Business letter	operations, control, strategy, strategic business unit, just-in-time approach, minimize, storage, break-even point, quality control, supply chain, efficiency, inventory management	Giving advice
7	Business relationships	Newspaper article	bid, buyout, divestment, parent company, take-over, friendly take-over, hostile take-over, offer, tender offer, target, white knight	Supporting an idea
8	Challenges	Newspaper article	deficit, receiver, liquidate, failure, bidder, restructure, call in (a) debt, liquidation, rights issue, creditor, shut down, receivership, bankruptcy, declare, outstanding	Bringing up a topic
9	Insurance basics	Website	insure, premium, compensation, cover, life insurance, auto insurance, health insurance, policy, term, disability insurance, protect, property insurance	Offering products
10	Insurance claims	Business letter	claim, file, estimate, policy number, loss, agent, policy holder, claims adjuster, investigation, monetary value, determine, available, confirm	Talking about future events
11	Central banks	Newspaper article	central bank, reserve bank, monetary authority, money supply, monopoly, legal tender, fiat money, inflation, price stability, exchange rate, interest rate, contractionary, hyperinflation	Hedging an opinion
12	International organizations	Textbook	IMF, WTO, GNP, UN, WHO, NAFTA, OPEC, EU, G20, ASEAN, multinational corporation, complexity	Describing responsibilities
13	Economic indicators	Newspaper article	unemployment, trade, import, export, labor mobility, housing starts, consumer price index, leading indicator, lagging indicator, coincident indicator, boom, recession, depression, bubble, collapse	Supporting an argument
14	Economic stability	Magazine article	economy, stabilize, struggle, fluctuation, stagflation, fall into, Gross Domestic Product, private consumption, gross private investment, government spending, let go of, sluggish, deflation, stagflation	Stating agreement
15	Economic theory	Blog post	theory, Keynesian economics, Neoclassical economics, rational, self-interest, public sector, invisible hand, laissez faire, incentive, private sector, stimulus, debate, rational	Checking for understanding

Table of contents

Business finance

Unit 1 - Supply, demand, and prices	4
Unit 2 - Starting a business	6
Unit 3 - Balance sheets	8
Unit 4 - Profit and loss accounts	10
Unit 5 - Sales forecasts	12
Unit 6 - Controlling operations	14
Unit 7 - Business relationships	16
Unit 8 - Challenges	18

Insurance

Unit 9 - Insurance basics	20
Unit 10 - Insurance claims	22

Public finance

Unit 11 - Central banks	24
Unit 12 - International organizations	26
Unit 13 - Economic indicators	28
Unit 14 - Economic stability	30
Unit 15 - Economic theory	32

Appendix

Glossary	34
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1 Supply, demand and prices

CAUSE OF AUTO INDUSTRY DOWNTURN REVEALED

Car companies are **disagreeing** about what caused the recent downward business **trend**. Some argue that it is due to bad management, while others blame the overall decrease in public **spending**. Yet in spite of this disagreement, the statistics reveal it as a fairly simple issue. Indeed, it seems to be a classic case of **supply** and **demand**.

Statistics show that the number of **consumers** looking to buy new cars this year was about the same as in previous years. The **price** of cars was also relatively the same. However, there was a large difference in the **quantity** of new cars manufactured. More specifically, there was a huge **overproduction** of them. Usually, companies can accurately **anticipate** the impact on demand if they choose to produce more **goods** relative to previous years. Nonetheless, this year the automobile industry made a serious mistake in its calculations.

As the companies **supplied** dealerships with an overproduction of cars, dealerships had to figure out a way to sell these extra cars. So, they lowered prices. Yet even with the general **elasticity** of demand in auto **sales**, the price cuts did not increase sales enough to eliminate the **surplus**. Most manufacturers took huge losses, which then caused the industry-wide **downturn**. Thus, car companies learned the hard way how the quantity of a good can **determine** its price.



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 Explain the concept of supply and demand.
- 2 How does price affect supply and demand?

Reading

- 2 Read this newspaper article. Then, mark the following statements as true (T) or false (F).

- 1 ___ The article claims decreased spending caused the downturn.
- 2 ___ Manufacturers produced fewer cars than usual.
- 3 ___ Lower prices slightly increased sales.

Vocabulary

- 3 Match the words (1-8) with the definitions (A-H).

- | | |
|----------------|------------------|
| 1 ___ price | 5 ___ trend |
| 2 ___ sale | 6 ___ elasticity |
| 3 ___ consumer | 7 ___ supply |
| 4 ___ spending | 8 ___ determine |

- | | |
|---|---|
| A | an exchange of money for goods |
| B | a general course of action that repeats |
| C | the effect of a change in one variable on another |
| D | to have an effect on an outcome |
| E | the amount of money required to buy something |
| F | a person who makes a purchase |
| G | to provide something |
| H | the act of using money for purchases |

4 Write a word that is similar in meaning to the underlined part.

- 1 The available amount of steel is low this year. — p — y
- 2 What amount did the factory produce? q — n — y
- 3 These products for sale are too expensive. — o — s
- 4 Low sales created an extra amount of wheat. s — p — u —
- 5 Many jobs were lost during the decrease in economic activity. — w — u —
- 6 The amount wanted by customers for coats increases in the winter. — e — n —

5 Listen and read the newspaper article again. What caused the downward business trend?

Listening

6 Listen to a conversation between an accountant and a sales manager. Choose the correct answers.

- 1 What is the conversation mainly about?
A increasing sales C decreasing spending
B removing a surplus D raising prices
- 2 What suggestion does the woman agree with?
A Try more advertising. C Offer free delivery.
B Lower sales prices. D Stay open later.

7 Listen again and complete the conversation.

Accountant: Well, 1 _____ more advertising.

Sales Manager: We could. But stats show that consumers aren't responding much to advertising either.

Accountant: Oh, 2 _____. But isn't the store across the street doing well?

Sales Manager: Yeah it is. It's been 3 _____ as ours recently.

Accountant: Interesting. Have you gone over there and 4 _____?

Sales Manager: I did. They're really focusing on making things easier for the customer.

Accountant: Do you remember any specifics?

Sales Manager: The main thing I remember was 5 _____ of the furniture.

Accountant: Well, 6 _____ doing that?

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

We could try ...

Have you ...

Why don't we ...

Student A: You are an accountant. Talk to Student B about:

- sales
- suggestions
- help you can offer

Student B: You are a sales manager. Talk to Student A about his or her suggestions about sales.

Writing

9 Use the article and conversation from Task 8 to write a summary on how supply, demand, and prices affected the auto industry. Include: supply and demand, public spending, and the outcome.



Starting Your Business

Before you open your business, you must know exactly how you will run it. Create a detailed **business plan**, including goals for your first year. Determine where your funding will come from during this **initial** period, and be prepared to make personal **contributions** to help yourself move forward.

The **legal structure** of your business depends on its size and ownership. For very small businesses, you will probably set up as a **sole proprietor** or **partnership**. For a medium-sized business, you will likely need to create an LLC or other corporation. Whatever type you use, make sure you have the appropriate **licenses** to operate a business in your area.

Once you have a business plan, you need a **location**. Thoroughly research different areas before you buy or rent an office, storefront, warehouse or other venue. Check with local authorities to find out which **permit** is required to operate in a given location.

As a **startup**, you may be a **break-even** business. This is okay at the beginning, as long as you are not losing money. **Profits** will come later. Try to put together realistic projections for **sales revenue**. Keep an adequate **margin** between your costs and **gross** earnings and you will do well.

Get ready!

- 1** Before you read the passage, talk about these questions.

- What decisions must someone make before opening a business?
- What official steps are required to open a business in your country?



Reading

- 2** Read the chapter summary. Then, fill in the blanks with the words from the word bank.

Word BANK

appropriate detailed
permits projections
location

Starting a business requires a(n) 1 _____ business plan. You must know where your money will come from. You must also decide on a(n) 2 _____ legal structure for your business type. Next, find a suitable 3 _____. Make sure you acquire the necessary 4 _____ for your area. New businesses may not make a profit initially, but realistic 5 _____ and an adequate profit margin will lead to success later.

Vocabulary

- 3** Read the sentence pair. Choose where the words best fit the blanks.

1 business plan / legal structure

- A Darius presented his _____ at the first shareholders' meeting.
B The partners could not agree on the best _____ for their type of business.

2 break-even / gross

- A A _____ business neither makes nor loses money.
B The company's _____ earnings during the first month were higher than expected.

3 permit / margin

- A The advisor told Paul that his _____ was too small to pay for more employees.
B After the city denied her building _____, Vera had to find a new location.

4 profits / contributions

- A Investors provide _____ to help a business get started.
B A company that doesn't earn _____ will not stay open.

4 Check (✓) the sentence that uses the underlined part correctly.

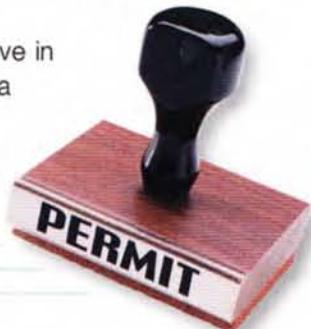
- 1 A The accountant deducted rent and other expenses to determine the gross profits.
- B New businesses rarely make a profit in the initial stages.
- 2 A Steven applied for a license before he opened his store.
- B The financial advisor recommended eliminating the profit margin altogether.
- 3 A Before it became a national success, the website was just a small startup.
- B Georgiana's business did not have enough legal structure to stay open.
- 4 A The business owner gave his partner a permit to share the business.
- B Our financial plan included detailed projections for the first year's sales revenue.
- 5 A The busy street corner is an excellent location for our new clothing store.
- B Arnold submitted a business plan summarizing last year's performance.

5 Listen and read the chapter summary again. Why should the local authorities be contacted before you buy or rent a property?

Listening

6 Listen to a conversation between a man starting a business and a financial advisor. Mark the following statements as true (T) or false (F).

- 1 T The woman believes an LLC is an appropriate legal structure.
- 2 F The man recently rented a property for the business.
- 3 F The company must move in before it can apply for a business permit.



7 Listen again and complete the conversation.

- Advisor:** You're making excellent progress, Mr. Fuller. You and your partners have already created a strong business plan, and 1 _____ made the right decision by forming an LLC.
- Owner:** Good. My partners will be pleased to hear that. So 2 _____?
- Advisor:** We still need to find you an appropriate location. You'll need a large warehouse with office space. 3 _____ a list of available rentals for you to start with.
- Owner:** Great, thanks. So after we 4 _____, we can start bringing in the merchandise, right?
- Advisor:** Well, not quite, Mr. Fuller. First we'll contact the city about getting a 5 _____. Once you have that, then you can move in.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

You and your partners ... / After we ...

Once you have that, ...

Student A: You are a financial advisor. Talk to Student B about:

- legal structures
- locations
- steps required

Student B: You are starting a business. Talk to Student A about your progress.

Writing

9 Use the summary and conversation from Task 8 to write the business owner's notes. Include the legal structure, location details, and upcoming steps.

3 Balance sheets

ROUNDTOP FURNITURE SUPPLY BALANCE SHEET MARCH 17

Assets	Liabilities
Cash: \$90,000	Accounts Payable: \$15,000
Inventory: \$20,000	Salary: \$80,000
Total Current Assets: \$110,000	Total Current Liabilities: \$95,000
Plant: \$200,000	Mortgage Loan: \$120,000
Total Fixed Assets: \$200,000	Total Long-Term Liabilities: \$120,000
	Retained profit: \$95,000
Total: \$310,000	Total: \$310,000

Get ready!

1 Before you read the passage, talk about these questions.

- How can accountants tell how much money a business has?
- What are some current liabilities businesses have to pay?

Reading

2 Read the email and balance sheet. Then, mark the following statements as true (T) or false (F).

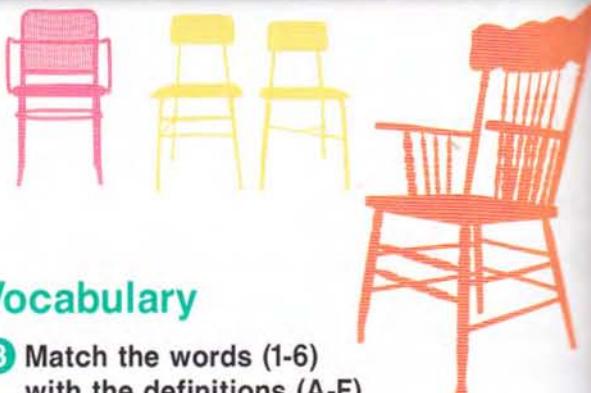
- The business's current assets are less than its long-term liabilities.
- The accountant recommends investing the business' extra money.
- The business has a quick ratio of 2.

To: p.jackson@roundtopfurn.com
From: j.loren@jaynesacct.com
Subject: Balance Sheet

Ms. Jackson,

Attached is your balance sheet as of today, March 17. As you can see, your total assets are \$310,000 while your **total liabilities** are \$215,000. This leaves you with a **retained profit** of \$95,000. What you do with this **capital reserve** is your choice. But I advise you to invest it in order to increase profits. Although you do have a retained profit, you actually have little **working capital**: just \$15,000. That means your **quick ratio** is about 1.15. As long as business is good, you can survive with such small reserves. But should business decline, you would have serious liquidity problems and might **default** on loan payments. Furthermore, **depreciation** of your fixed assets will lower your total assets over time. For that reason, I strongly recommend that you alter your operations to increase profit. Ideally, your quick ratio should be at least 2. To achieve that figure with your current liabilities at present levels, you would need at least \$190,000 in current assets. I hope you see now how serious the deficit is. Please contact me should you have any questions.

Jacob Loren,
CPA, Jaynes Accounting



Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|--------------|---|---------------------|
| 1 | plant | 4 | current liabilities |
| 2 | default | 5 | retained profit |
| 3 | depreciation | 6 | working capital |

- | | |
|---|---|
| A | to fail to make payments on a loan |
| B | assets that are more than current liabilities that are used to finance operations |
| C | profit that is earned but not spent |
| D | the physical location of a business |
| E | a decline in the value of an asset |
| F | debts that must be paid within a year |

4 Read the sentence pair.
Choose where the words best fit the blanks.

1 current assets / fixed assets

- A _____ cannot be liquidated quickly.
B _____ can be turned into cash within a year.

2 capital reserves / long-term liabilities

- A A company's _____ are debts that must be paid in over a year's time.
B Companies save _____ in order to pay bills when business is slow.

3 CPA / quick ratio

- A A _____ is a measure of liquidity.
B A _____ advises businesses and individuals on financial matters.

5 Listen and read the email and balance sheet again. What might happen if business declines?

Listening

6 Listen to a conversation between a CPA and a business owner. Choose the correct answers.

- 1 Why does the woman call the man?
A to report higher profits
B to hire him for financial advice
C to clarify information in an email
D to correct an error on a balance sheet
- 2 Why does the man apologize?
A He mailed the sheet late.
B He didn't explain a term.
C He made a mathematical error.
D He knows business is bad.

7 Listen again and complete the conversation.

CPA: Oh, hello, Ms. Jackson. How are you? 1 _____
_____ you got the email and balance sheet?

Owner: I did, thanks. I have to say, I'm not sure 2 _____.
I thought we were doing really well.

CPA: Don't worry. Your business isn't going to fail 3 _____.
I just had the one concern.

Owner: That's 4 _____. But I'm pretty uninformed about all this financial stuff. All I know is making furniture.

CPA: Well, that's 5 _____. right?
So, what is confusing you?

Owner: It's the quick ratio you mentioned. I've 6 _____.
it before. So I didn't know that mine was low.

CPA: I should have explained that in the email. 7 _____

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Don't worry. Your business isn't going to fail.

What is confusing you?

Student A: You are a CPA. Talk to Student B about:

- a balance sheet
- questions
- the quick ratio

Student B: You are a business owner. Talk to Student A about your balance sheet and quick ratio.

Writing

9 Use the email and balance sheet and the conversation from Task 8 to explain a balance sheet.
Include: total assets, total liabilities and a recommendation.

total liabilities
total assets
a recommendation

4 Profit and loss accounts



P&L ACCOUNT JANUARY-MARCH

Revenue	
Sales	1 200 000
Returns	(10 000)
Damaged goods	(30 000)
Net sales	1 160 000
Cost of Sales	(600 000)
Gross Margin	560 000
Expenses	
Materials	30 000
Production	80 000
Sales and distribution	70 000
Depreciation	40 000
Total Expenses	(220 000)
Gross Profit	340 000
Payroll	(50 000)
Overhead	(50 000)
Finance and tax	(80 000)
Net Profit	160 000

Get ready!

- 1 Before you read the passage, talk about these questions.

- How does a business measure its profits?
- In what ways can a business increase its profitability?

Reading

- 2 Read the letter and P&L account. Then, choose the correct answers.

- What is the purpose of the letter?
 - to explain a set of figures
 - to explain cost of sales detractions
 - to give a summary of an income statement
 - to recommend ways of limiting overhead
- What is NOT included in expenses?
 - margin
 - materials
 - depreciation
 - sales and distribution
- What does the accountant suggest to raise profitability?
 - increasing revenue
 - decreasing overhead
 - limiting depreciation values
 - reducing returned and damaged goods



Dan Kuhn, accountant,
K&M Accounting
5218 Terrace Drive
Davis, CA 95718

Dear Mrs. Hopewell,

I am writing to summarize the enclosed **profit and loss account**. The **income statement** covers the first financial quarter of year 2012. During this three-month period, Hopewell Industries received \$1,200,000 in total sales **revenue**. Returned and damaged goods equaled \$40,000, bringing **net sales** to \$1,160,000. The **cost of goods sold** in this quarter was \$600,000. **Detracting** this **cost of sales** from total revenue gives you a margin of \$560,000.

Current **expenses** totaled \$220,000. These include \$30,000 in materials and \$80,000 in production costs. Additional expenses include \$70,000 for sales and distribution, as well as \$40,000 in **depreciation**. Gross margin minus total expenses gives you a **gross profit** of \$340,000. Payroll costs were \$50,000. **Overhead** costs were \$50,000. Finance costs and taxes came to \$80,000. This brings you to a **net profit** of \$160,000 for the first quarter.

Your profitability is up from last quarter. But I would recommend looking into the causes for returned and damaged goods. Decreasing this figure could raise the overall profitability of the company. If you have any questions regarding this account don't hesitate to call.

Sincerely,
Dan Kuhn

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|----------------|---|---------------------------|
| 1 | — depreciation | 4 | — cost of goods sold |
| 2 | — overhead | 5 | — profit and loss account |
| 3 | — gross profit | 6 | — margin |
- A a statement of revenue and expenses
 B total expenses for inventory sold in a period
 C a loss of assets' value through use or loss
 D the difference between net sales and cost of sales
 E costs of business operation unrelated to the products themselves
 F total gains before taking out taxes and finance costs

- 4 Fill in the blanks with the words and phrases from the word bank.

Word BANK

revenue net sales cost of sales
net profit expense income statement

- 1 The _____ amount accounts for returned and damaged products.
- 2 Calculate the margin by subtracting _____ from revenue.
- 3 Advertising is a major _____.
- 4 The company will not profit until _____ is greater than expenses.
- 5 _____ is the clearest measure of financial success.
- 6 The _____ shows all revenue and expenses.

- 5 Listen and read the letter and P&L account again. What are some expenses mentioned there?

Listening

- 6 Listen to a conversation between a manager and a business owner. Mark the following statements as true (T) or false (F).

- 1 ___ The company lost money due to warehouse accidents.
- 2 ___ The man suggests more advertising.
- 3 ___ The woman is looking for a new supplier.

- 7 Listen again and complete the conversation.

Owner: I was looking over our P&L sheet. We need to boost our revenue this quarter.

Manager: How are we going to do that?

Owner: Well, by limiting damages for one. That's what the accountant suggested.

Manager: In other words, those warehouse accidents are costing us money.

Owner: Right. But we also need to 1 _____.

Manager: Yeah. A little 2 _____ could go a long way.

Owner: I agree. Good marketing is a significant expense. But it would likely 3 _____.

Manager: Definitely. Hundreds of potential 4 _____ in Bakersfield don't even know we exist.

Owner: This is true. At the same time, we are 5 _____ for materials.

Manager: Really? Could we find a new 6 _____?

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

We need to raise our ...
That is a significant expense ...
We also need to ...

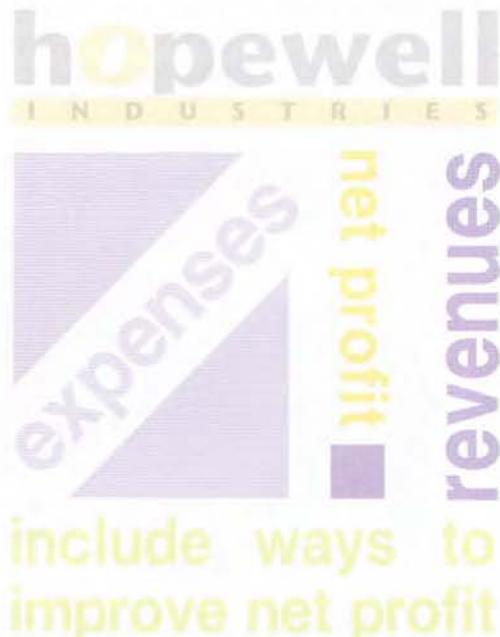
Student A: You are a business owner. Talk to Student B about:

- a P&L account
- raising sales
- supply costs

Student B: You are a manager. Talk to Student A about improving profitability.

Writing

- 9 Use the letter and P&L account and the conversation from Task 8 to summarize a P&L statement. Include: revenues, expenses, net profit, and ways to improve net profit.



5 Sales forecasts

LANCASTER Enterprises

Fourth Quarter
Sales Forecast

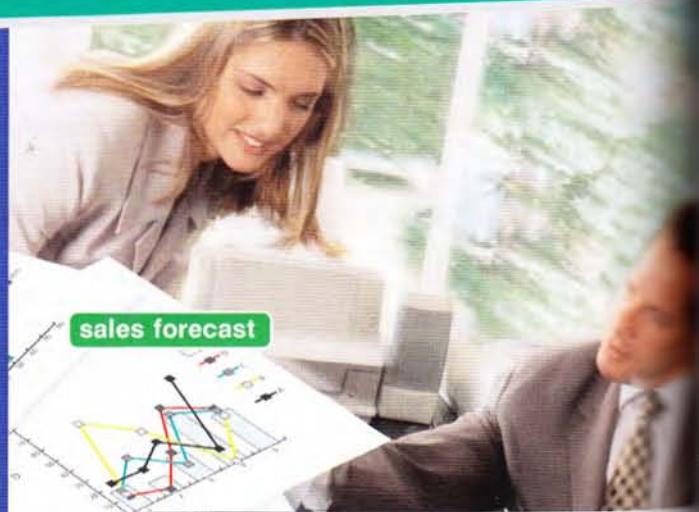
Prepared by Jennifer Masterson and Ken Walker

Executive Summary

This report presents our **sales forecast** for the fourth quarter. We conclude that the company will be able to increase total sales by 24% over the current **volume**. We **predict** the largest increase will come in the small engines division (32%). This is largely due to the recent release of the new MC-19 engine, which remains in high demand. Sales of other engines remain steady.

We also **expect** sales of small motors and replacement parts to show above average increases this quarter in **comparison** with **past sales**.

Sales are likely to continue to drop in our marine division, which appears to be, in part, a **seasonal trend**. Based on that trend, we **estimate** a 25% decline for the fourth quarter. Another **factor** affecting the marine division is increasing **competition** with Dorsey Marine. They outbid us on several **contracts**. Strong sales with our **existing** clients, however, will support this division. We advise a review of the company's **pricing policy** across the board, as materials costs have continued to rise at a faster than average rate over the past three quarters.



Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some ways businesses plan for the future?
- 2 How do businesses use past information to make future plans?

Reading

- 2 Read the sales forecast. Then, mark the following statements as true (T) or false (F).

- 1 ___ The company expects to increase sales in all product divisions.
- 2 ___ There will be above average sales of small motors.
- 3 ___ The company got an important marine contract from a competing company.

Vocabulary

- 3 Match the words (1-7) with the definitions (A-G).

- | | |
|-------------------|----------------------|
| 1 ___ competition | 5 ___ existing |
| 2 ___ estimate | 6 ___ volume |
| 3 ___ factor | 7 ___ pricing policy |
| 4 ___ predict | |

- | | |
|---|---|
| A | a thing that has an effect on something else |
| B | already occurring or present |
| C | to guess a quantity |
| D | a person or business that is trying to reach the same goals or customers as another |
| E | to state what one expects to happen |
| F | a total quantity |
| G | rules controlling how much to charge for products |

- 4 Fill in the blanks with the words and phrases from the word bank.

Word BANK

contracts past sales comparison
sales forecast expect seasonal trend

- 1 Our _____ shows an increase of 45% next month.
- 2 A(n) _____ with Alta Inc. shows our strengths more clearly.
- 3 A(n) _____ will not last the entire year.
- 4 The managers _____ their employees to arrive on time.
- 5 Our current figures are much lower than those from _____.
- 6 The company signed two new _____ to build offices.

- 5 Listen and read the sales forecast again. Why does the forecast predict increased sales in the small engines division?

Listening

- 6 Listen to a conversation between two sales executives. Mark the following statements as true (T) or false (F).

- 1 ___ The sales forecast predicts higher sales.
- 2 ___ The man wants to sell a new product.
- 3 ___ The woman believes a new product would fail.

- 7 Listen again and complete the conversation.

Executive 1: Yes, that's correct. We estimated a 1 _____.

Executive 2: Wow! Now, you mentioned this is because consumers are more concerned with eating healthy.

Executive 1: That is what our team's research suggested.

Executive 2: I've worried about that before. So here's my idea. We create cookies for the health-conscious 2 _____.

Executive 1: That might help us get our sales 3 _____.

Executive 2: It's at least 4 _____, isn't it?

Executive 1: I think so. Let me talk with the bakers and see what they can do.

Executive 2: Great. Let me know what you find out. I 5 _____ this is more than a passing trend.

Executive 1: I have to agree. But 6 _____ that the competition has the same idea.

Executive 2: Then we'll have to act fast.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Here's an idea.

It's worth a try.

I have to agree.

Student A: You are a sales executive. Talk to Student B about:

- the sales forecast for a product
- factors affecting sales
- how to increase sales

Student B: You are a sales executive. Talk to Student A about some possible ways to increase sales.

Writing

- 9 Use the conversation from Task 8 to complete a sales forecast. Include: expected sales, factors, and methods to increase sales.

Lancaster Enterprises

Sales Forecast

6 Controlling operations

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What are some of the things involved in running a business?
- 2 How do companies ensure the quality of their products?

Dear Mr. Harding,

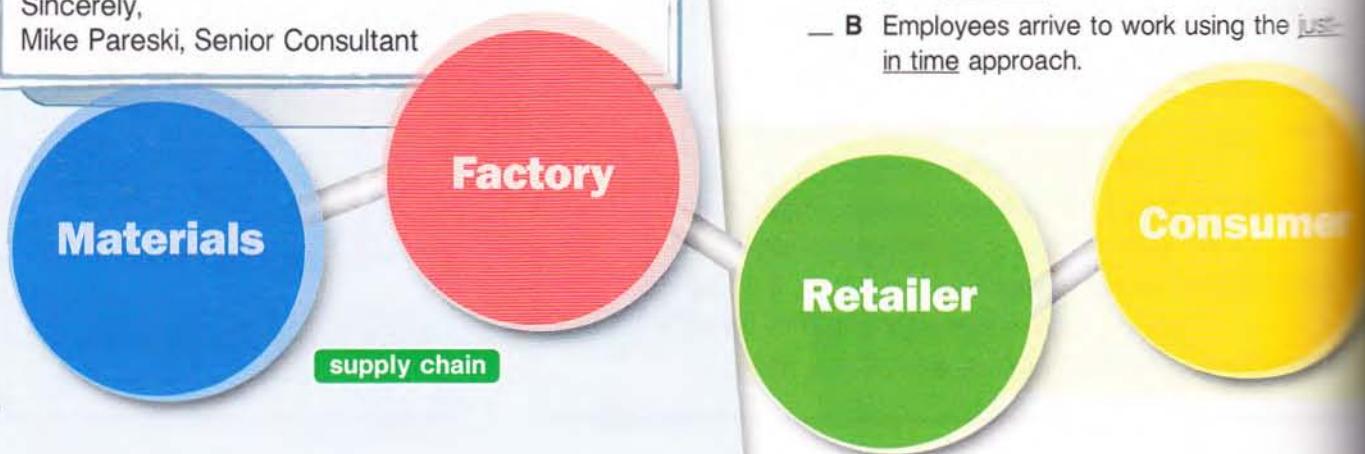
After reviewing your **operations**, I have several suggestions for improving **control** over your operations and increasing **efficiency**.

First, I would advise that you change your **strategy** regarding raw materials. Right now, you spend 12% of your budget on **storage** of machine parts and other supplies. You could reduce this cost by up to 90% if you adopted a **just-in-time approach**. That would **minimize** the amount of your resources and space that go toward maintaining inventory. This, of course, would entail the adoption of a new **inventory management** system that keeps you informed of where each individual part or material is in the **supply chain**.

Second, your **quality control** process is pretty thorough. However, the reports you shared with me from dissatisfied customers suggest improvements could be made. I'd suggest increasing your budget for quality control and revising your processes to prevent similar future complaints.

Third, your business primarily supplies turbines to windmill manufacturers. I would suggest that you start a **strategic business unit** focused on the manufacture, marketing, and sales of Harding Windmills. This could increase your profits substantially. However, it may take a few years before the unit reaches a **break-even point**.

Sincerely,
Mike Pareski, Senior Consultant



Reading

- 2 Read the business letter. Then, complete the table using information from the letter.

Proposed Change	Business Function Affected
Keep fewer raw materials on hand	
Ensure high customer satisfaction	
Explore the production of new products	

Vocabulary

- 3 Check (✓) the sentence that uses the underlined part correctly.

- 1 A The owner has control over the business.
 B Inventory management deals with employees.
- 2 A Quality control is a measure of how people use time and energy.
 B Materials arrive via the supply chain.
- 3 A The strategic business unit controls the managers.
 B Good plans have a clear strategy.
- 4 A Warehouses are used for storage.
 B A company starts at the break-even point.
- 5 A If you minimize your workload, you have less to do.
 B Factories can function without defined operations.
- 6 A If you work faster, you might increase your efficiency.
 B Employees arrive to work using the just-in-time approach.

4 Write a word that is similar in meaning to the underlined part.

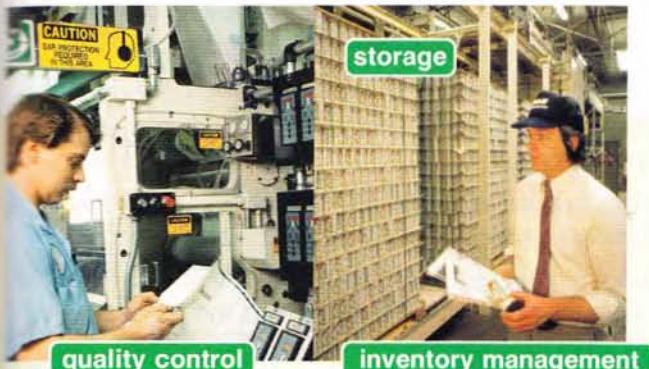
- 1 Some businesses overlook the importance of being efficient in their day to day functions.
— p _ _ _ _ i _ _ s
- 2 The business function of maintaining excellence is important in the food industry.
q _ _ _ t _ _ o _ _ _ _
- 3 Sometimes a company will open a special business within itself to meet a goal.
— r _ _ _ g _ _ u _ _ _ _ s _ _ i _
- 4 Most manufacturers today rely on a means of getting supplies right before they need them.
— s _ _ _ _ m _ _ p _ _ _ c _
- 5 Factories that assemble many different parts need good methods for tracking supplies.
— v _ _ _ o _ _ n _ _ _ _ t

5 Listen and read the business letter again. How long could it take for Harding Windmills to begin making a profit?

Listening

6 Listen to a conversation between a business owner and a consultant. Choose the correct answers.

- 1 What is the conversation mostly about?
 - A recommendations for starting a business
 - B a discussion of causes of a business failure
 - C advice for operating a business better
 - D suggestions for increasing sales
- 2 What can be inferred about the business?
 - A It stores more supplies than needed.
 - B It is not open on the weekends.
 - C It is not at the break-even point.
 - D It does not manage its inventory.



7 Listen again and complete the conversation.

- Consultant:** One thing I'd suggest is that at the end of each week you order 1 _ _ _ _ flour, sugar, and other supplies for the week ahead.
- Owner:** So, I 2 _ _ _ _ a big supply then.
- Consultant:** Exactly. This also means that you might want to improve your existing 3 _ _ _ _ .
- Owner:** I'm 4 _ _ _ _ exactly.
- Consultant:** Well you'll have to 5 _ _ _ _ how much flour you have and how much you use.
- Owner:** Oh, I see, that way I can predict what I need for next week.
- Consultant:** 6 _ _ _ _ .

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

One thing I'd suggest is ...

This also means that ...

Thanks for the clarification ...

Student A: You are a business consultant.

Talk to Student B about:

- business operations
- ordering supplies
- inventory management

Student B: You own a business. Talk to Student A about improving it.

Writing

9 Use the letter and the conversation from Task 8 to write a plan to improve a business's operations. Include: the supply chain, and inventory management.



Get ready!

- 1 Before you read the passage, talk about these questions.

- What are some terms used to describe how a company becomes part of a larger company?
- What are the different styles of business takeover that exist?

Reading

- 2 Read the newspaper article. Then, fill in the blanks with the words from the word bank.

Word BANK

corporation **welcomed**
disagreed **completed**
takeover

On Tuesday, the Nielson-Williams Corporation 1 _____ its buyout of auto parts maker Western Manufacturing (WM). Before the deal, another national 2 _____, NexiCorp, tried to take control of the WM. Officials at WM 3 _____ with NexiCorp's business practices and planned to quit if NexiCorp's 4 _____ went through. Last week, Nielson-Williams made a successful offer to buy WM. The management at WM 5 _____ Nielson-Williams as their new parent company.

Neilson-Williams Acquires Western Manufacturing

The business community was surprised Tuesday at a national corporation's **takeover** of a regional auto parts maker. The Neilson-Williams Corporation made a successful **bid** for the **buyout** of Western Manufacturing (WM). The deal put an end to a months-long corporate battle for control of the company.

For months, WM was the **target** of another national corporation, NexiCorp. According to a spokesperson for WM, the board of directors objected to NexiCorp's unethical business practices. In fact, the majority of WM's management team announced intentions to quit if NexiCorp's **hostile takeover** was successful. But before NexiCorp could complete the buyout, Nielson-Williams stepped in and made its own **tender offer**. Many hailed Nielson-Williams as a **white knight** for preventing the sale to NexiCorp.

Last November, head officials at WM announced plans for **divestment** to prevent the company from going bankrupt. Since then, several larger corporations have made **offers**, but none were as aggressive as NexiCorp. Nielson-Williams did not enter the bidding until just last week.

The WM spokesperson said that the board and management consider this a **friendly take over**. She said WM is pleased to accept Nielson-Williams as its **parent company**.



Vocabulary

- 3 Write a word that is similar in meaning to the underlined part.

- Reynolds Inc. was a company that saved another company after preventing another corporation from buying Paper Unlimited. h i _ _ n i _ _ t
- JasCorp was forced into a situation in which management disagrees with a buyout. h _ _ t _ _ e _ k _ _ v _ _
- Selling parts of a company can help corporations avoid bankruptcy. i v _ _ m _ _ t
- Mr. Lewis made an offer to buy a majority of company shares to the board of Grant Co. t _ _ d e _ f f _ _
- HansCo's process of taking control of the small company was unsuccessful. a _ _ o v _ _
- Fred's act of gaining control by buying available parts of Jenkins Tours made him very powerful in the travel industry. _ _ y _ _ t

4 Read the sentence and choose the correct word.

- 1 Kendall Inc. is a part of its **takeover** / parent company, General Manufacturers.
- 2 The board rejected the Finn Corporation's **divestment** / **offer** to buy the company.
- 3 Jones Productions made the most aggressive **bid** / **buyout** to take control of the company.
- 4 The board was pleased about the **friendly takeover** / **hostile takeover** of their company.
- 5 D & L Publishing was the **offer** / **target** of several buyout attempts.

5 Listen and read the newspaper article again. What was the company planning in order to prevent bankruptcy?

Listening

6 Listen to a conversation between two investment agents. Mark the following statements as true (T) or false (F).

- 1 ___ The woman is surprised to hear of the buyout.
- 2 ___ The agents agree that WM used to be a profitable company.
- 3 ___ Both agents think buying WM was a good business decision.

7 Listen again and complete the conversation.

Agent 1: Did you hear that Neilson-Williams made a successful bid for Western Manufacturing?

Agent 2: Really? I figured WM would go to NEXICorp. Frankly, 1 _____ anybody wanted it at all.

Agent 1: Why do you say that?

Agent 2: Well, WM is 2 _____. I don't understand why all these big corporations made such competitive offers for it.

Agent 1: I think the takeover makes sense. I know they have some financial problems, but they 3 _____ very profitable.

Agent 2: That's true, but that was 4 _____. The company just isn't as strong as it used to be.

Agent 1: Well, as far as I know, WM still makes decent products. With the right management, 5 _____ be great again.

Agent 2: I don't know. It seems like a pretty 6 _____. I guess we'll see if Neilson-Williams is prepared to save the business.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Did you hear that ...

I don't understand why ...

That's true, but that was ...

Student A: You are an investment agent. Talk to Student B about:

- a corporate takeover
- your opinion
- Student B's opinion

Student B: You are an investment agent. Talk to Student A about a corporate takeover and why you think it was a good or bad idea.

Writing

9 Use the conversation from Task 8 to complete an investment agent's letter to the editor. Include the agent's opinion about the takeover and reasons supporting that opinion.



friendly takeover

8 Challenges

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What happens to a business that runs out of money?
- 2 How can failing businesses be saved?



By
Samuel
Lineman

AIRLINE CORPORATION FAILS

Go-Round, a **bankrupt** airline company, **declared** total failure earlier this week. Problems originally started when the troubled airline lost a series of lawsuits from passengers over frequently lost or damaged luggage. These suits put the company in great financial trouble, not only because of financial damages, but also because of declining passenger numbers. Investors began to doubt the airline's ability to serve a wide array of people. They began pouring their money into other, more promising airlines. Seven months ago **creditors called in** their **debts**. Finally, four months ago Go-Round declared **bankruptcy**. In efforts to prevent a total **shut down**, the company appointed a **receiver**. Under the new **receivership** the company **restructured** twice, but saw no improvement. The **deficit** remained. The company will now be **liquidated** on April 22nd. The issue is now who will buy the company. Zoom and Everywhere Airlines are showing the most interest. Jetway Inc. is also interested in purchasing the company. However, the **liquidation** of the company's assets will go to the highest **bidder**. Since interest is high, the selling price will bring enough money to settle the company's **outstanding** debt.

Reading

- 2 Read the newspaper article.

Then, mark the following statements as true (T) or false (F).

- 1 ___ Go-Round was sued by another airline.
- 2 ___ The airline could not increase profits while in receivership.
- 3 ___ Go-Round was purchased by Jetway Inc.

Vocabulary

- 3 Match the words (1-8) with the definitions (A-H).

- | | |
|-------------------|--------------------|
| 1 ___ outstanding | 5 ___ failure |
| 2 ___ creditor | 6 ___ liquidate |
| 3 ___ declare | 7 ___ receivership |
| 4 ___ deficit | 8 ___ restructure |

- A to change the organization of a business
B the difference between what is needed and what one has
C not yet paid
D the state of being directed by a receiver
E the permanent closure of a business
F to sell a business's assets to pay debts
G a person or business that a company has borrowed from
H to state something publicly

- 4 Read the sentence pair. Choose where the words best fit the blanks.

- 1 **receiver / bidder**

- A The highest _____ will purchase the company.
B A _____ was appointed to manage the failing company.

- 2 **bankruptcy / liquidation**

- A New Page LLC declared _____ after months of decreasing profits.
B The corporation paid all debts through its _____.

- 3 **shut down / call in**

- A The creditors decided to _____ their debt.
B The company will _____ due to declining profits.

- 5 Listen and read the newspaper article again. What will happen to Go-Round's outstanding debts?

Listening

- 6 Listen to a conversation between a manager and an accountant. Choose the correct answers.

- 1 What is the conversation mainly about?
A how to save a failing company
B the purchase of a bankrupt company
C ways to restructure a bankrupt company
D the benefits of going into receivership
- 2 What will the woman most likely do next?
A place a bid C appoint a receiver
B call a supervisor D review financial records

- 7 Listen again and complete the conversation.

Manager: Well, RoboTech 1 _____ that they are going bankrupt.

Accountant: Really? I never thought that they would 2 _____. I knew that no one was buying their expensive products, but I thought they were 3 _____ in other areas.

Manager: I guess not. But a lot of companies are interested in 4 _____.

Accountant: Are we one of those companies?

Manager: Yes, actually. It's what I came to talk to you about. It would be 5 _____ for Automated Unlimited.

Accountant: How much are we going to offer?

Manager: Around fifty million. Management 6 _____ that sounds like a good number.

Accountant: That sounds about right, but it will depend on their debt.

Manager: Yeah. Anyway, our CFO wants us to go through the financial records one more time. Just to make sure everything is in order to place the bid on the company.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

I never thought that ...

How much are we going to offer?

Management seems to think ...

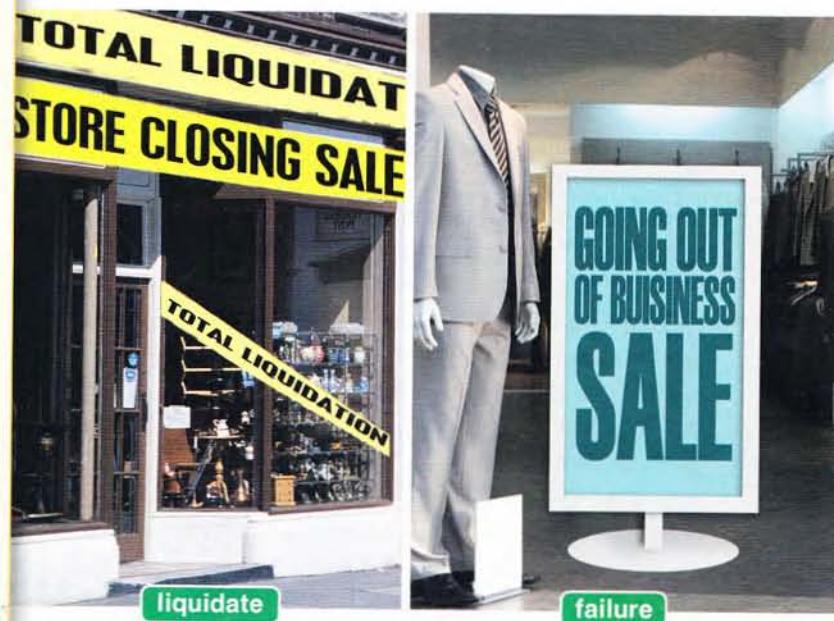
Student A: You are a manager. Ask Student B about:

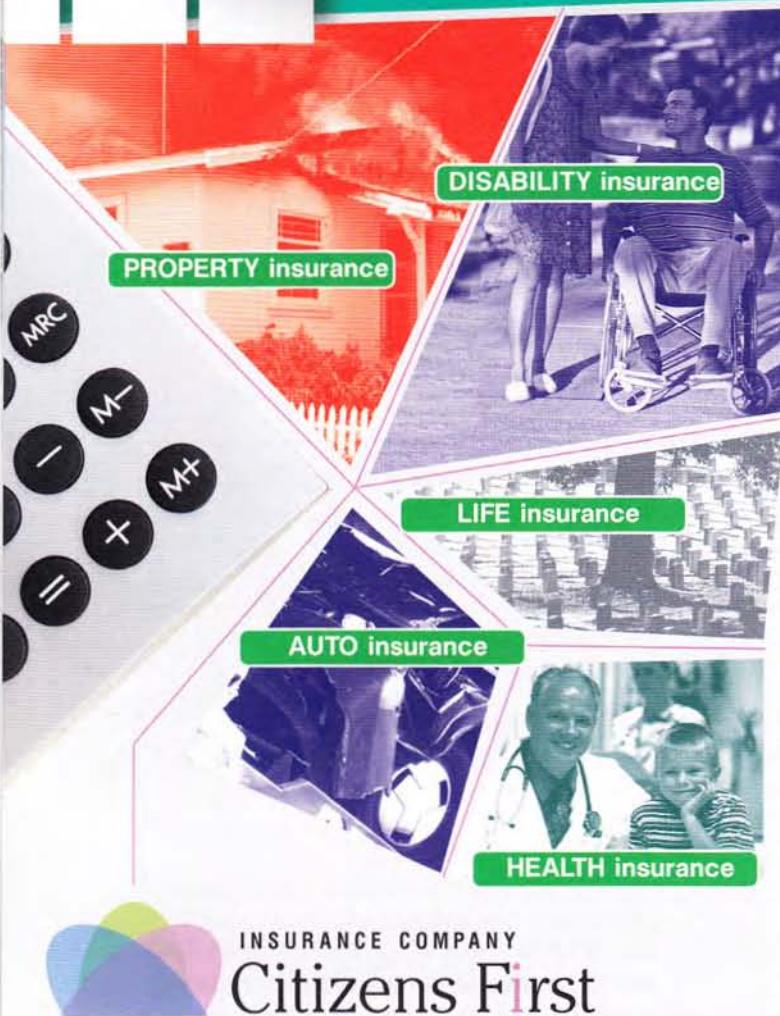
- a failing company
- a take over bid
- financial records

Student B: You are an accountant. Talk to Student A about a failing company.

Writing

- 9 Use the article and conversation from Task 8 to write an article on a failing company. Include: why the company is failing, efforts to save it, and who will purchase it.





INSURANCE COMPANY

Citizens First

More and more people are discovering Citizens First. Those that have discovered us stay with us because they know that we will **protect** them from life's uncertainties.

We offer a variety of **life insurance policies**. Choose from 5, 10, 15, and 20 year **terms**. Our policies offer **compensation** to your loved ones of up to \$2 million. For added protection, consider getting **disability insurance** as well. Purchase both together and receive a special discounted rate.

Insure your home, business or both, with our **property insurance**. The more properties you insure with us, the better rates we can provide.

Getting sick today can be costly. That is why we offer **health insurance** to individuals, families, and small businesses. With low **premiums** and excellent coverage you can rest assured you will be taken care of in the event of illness.

Our **auto insurance** offers some of the best rates available on the market today.* With a variety of policies, we can **cover** your vehicle and every driver in your family – no matter what your budget. And covering multiple drivers and cars leads to discounts.

Please contact us to discuss your enrollment. Our courteous and professional staff is available online 24/7.

*Note: not all policies are available in some states due to legal restrictions.

Get ready!

- 1 Before you read the passage, talk about these questions.

- What are some ways people protect themselves and their property?
- How is medical care paid for in your country?

Reading

- 2 Read the page from Citizens First's website. Then, choose the correct answers.

- What is the purpose of the website?
 - to describe a business plan
 - to introduce a company's products
 - to compare competitors' policies
 - to explain the enrollment process
- Which product does NOT provide discounts for holding multiple accounts?
 - property insurance
 - disability insurance
 - health insurance
 - auto insurance
- What can you infer about the company's auto insurance policies?
 - Some states allow all of the policies.
 - Customers cannot enroll in them online.
 - The policies do not cover young drivers.
 - Policies are available for different term lengths.

Vocabulary

- 3 Read the sentence pair. Choose where the words best fit the blanks.

- policy / auto insurance**
 - In many countries you cannot drive without _____.
 - It takes time to choose the _____ that is right for you.
- cover / protect**
 - The property insurance does not _____ damage caused by floods.
 - Having insurance can _____ you from financial losses.
- life insurance / disability insurance**
 - Payments for _____ do not go to the policy holder.
 - Workers should purchase _____ in case they are injured and cannot work.

- 4 Place the words and phrases from the word bank under the correct heading.

Word BANK

compensation health insurance insure
premium term property insurance

Policy Types	Policy Aims	Policy Features

- 5 Listen and read the page from Citizens First's website again. Who can purchase health insurance?

Listening

- 6 Listen to a conversation between an insurance agent and a customer. Mark the following statements as true (T) or false (F).

- 1 The man has an existing insurance policy with the company.
- 2 The man wants to insure items in his home against fire.
- 3 The man is interested in policies that offer more extensive coverage.

- 7 Listen again and complete the conversation.

Agent: I have a full-coverage property policy that you 1 _____.

Customer: What does it cover?

Agent: It protects the value of your home from natural disasters and fire.

Customer: That's 2 _____.

Agent: And it also insures everything in your home, 3 _____ a million dollars, against theft.

Customer: 4 _____, but we probably don't need it. We don't own many expensive things.

Agent: Okay, 5 _____. Another feature protects you in case someone not living in your home gets hurt there. Again, it covers a million dollars.

Customer: That all sounds expensive. I don't think we need 6 _____.

Agent: Well, I also have some more affordable policies, but they offer less extensive coverage.

Customer: Let's take a look at those.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

You might be interested in ...

We also have ...

Another feature is ...

Student A: You are an insurance agent. Talk to Student B about:

- different policy options
- what they cover
- how much they cost

Student B: You are a customer. Talk to Student A about what insurance you need and don't need for your home.

Writing

- 9 Use the website and the conversation from Task 8 to offer insurance policies to a customer. Include: types of insurance, what is covered, and discounts.



discounts **types of insurance**



Banfield Auto Insurance

Sarah Fritz - Claims Correspondent

Dear Mr. O'Donnell,

I am writing to inform you that we received your **claim**. Our records show that you **filed** on March 17th under **policy number** 715L-PM9-0. We understand that the accident occurred out of state. The pictures you provided of the vehicle will suffice for our initial **estimate** of damages. But we have not been able to reach the insurance company of the other driver. If you have any further information regarding the other driver please notify us immediately. We appreciate your co-operation.

A **claims adjuster** is currently looking into your claim. He will **determine the monetary value** of your **loss** in damages. The **investigation** will last between seven and fourteen days. Once it is complete, we will send a full report to your **agent**, Mrs. Simms. She will inform you of the specific coverage **available** according to your policy. After you have received the full report, we will authorize appropriate payment for damages. If you have any questions, please call the **policy holder** hotline at (713) 555-7349.

Sincerely,

Sarah Fritz,
Claims Department
Banfield Auto Insurance

estimate



Get ready!

- 1 Before you read the passage, talk about these questions.

- When do people make insurance claims?
- When will insurance companies deny a claim?

Reading

- 2 Read the letter about an insurance claim. Then, mark the following statements as true (T) or false (F).

- More photos of the vehicle are required.
- The claims adjuster's investigation is complete.
- Payment has not yet been authorized.

Vocabulary

- 3 Write a word that is similar in meaning to the underlined part.

- The claims adjuster will decide upon a monetary value for damages to the house.
— e — r m — —
- The claims adjuster took his identifying code.
— — i — n — b — r
- The man reported the claim three days ago.
— i — e —
- It's the responsibility of the insured person to file a claim promptly after an incident.
— o — — y — — d — r
- An agent will be able to help in a moment.
— v — — a — e

- 4 Read the sentence pair. Choose where the words best fit the blanks.

- 1 **estimate / policy number**

- The _____ of damages was greater than the value of the vehicle.
- Write your _____ on each page of the claim.

- 2 **agent / claim**

- I filed the _____ right after the accident.
- The _____ sold her the best policy.

- 3 **investigation / monetary value**

- He won't receive any money until the _____ is complete.
- The claims adjuster determined the _____ of his loss.

- 5 Listen and read the letter about an insurance claim again. What information does the insurance company require?

Listening

- 6 Listen to a conversation between a policy holder and an insurance company employee. Choose the correct answers.

1 Why is the man calling the agent?

- A to file a new auto claim
- B to check the status of a claim
- C to correct an error on a claim
- D to provide an estimate for a claim

2 What must the man ask his agent for?

- A the coverage amount
- B the new policy number
- C the estimate of damages
- D the time until payment arrives

- 7 Listen again and complete the conversation.

- Employee: Mr. O'Donnell, it looks like the 1 _____ has just completed investigation of your claim. He sent a report to your agent this morning.
- Customer: Well, that's good. Do you know the results of the 2 _____?
- Employee: The estimate of damages was \$3,000.
- Customer: And does my policy 3 _____?
- Employee: You will have to ask your agent about specific coverage 4 _____ through your policy.
- Customer: Okay. Now, 5 _____ payment?
- Employee: 6 _____ your agent receives the claims report, you can call the adjustor to authorize payment.
- Customer: Then how long will it take?
- Employee: Once payment is authorized, a check will arrive in seven to ten days.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

It looks like ...

Do you know the results of ...

Once payment is ...

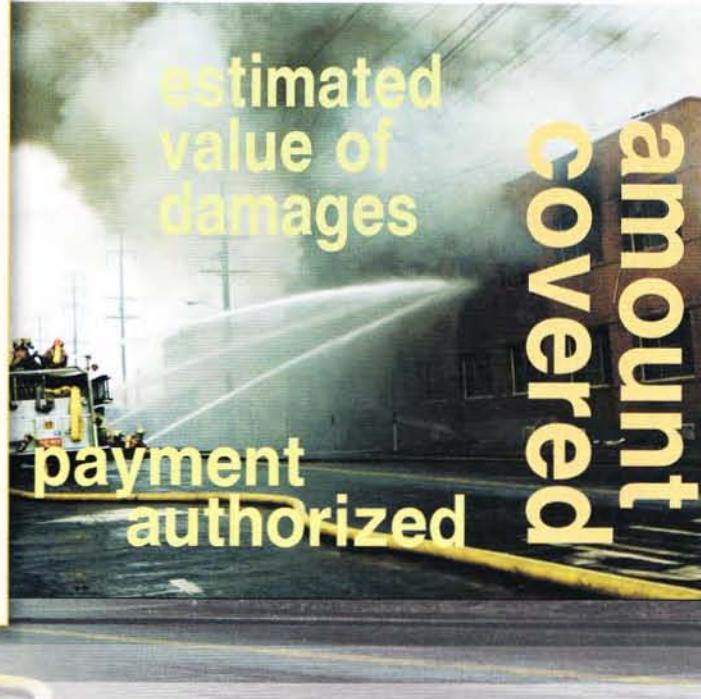
Student A: You are an auto insurance policy holder. Talk to Student B about:

- your claim
- an estimate of damages
- authorization of payment

Student B: You are an insurance company employee. Talk to Student A about an insurance claim.

Writing

- 9 Use the letter and the conversation from Task 8 to write an insurance claim summary on behalf of the insurance company. Include: the estimated value of damages, the amount covered, and payment authorized.



INTEREST RATES GO UP

The Reserve Bank of Lavina announced today that it will take **contractionary** steps to reduce the nation's **money supply**. Rates of **inflation** are rising rapidly in the small nation and there is concern about **price stability** as the currency loses value. And because the Lavinian dollar is **fiat money** and not backed by precious metals, the threat of **hyperinflation** is very real.

In response to that threat, the **central bank** will raise **interest rates** by 1%. A bank spokesman stated that a higher interest rate should encourage savings and discourage lending. The increase may create a greater demand for Lavinian dollars in currency markets, he said. Such an increase in demand could boost the **exchange rate** and strengthen the Lavinian dollar.

In further efforts, the **monetary authority** will attempt to reduce the money supply by selling government bonds. With its **monopoly** on printing **legal tender**, the bank may also stop issuing currency until inflation decreases. The financial world will keep its eyes on the Lavinian economy in the coming weeks to see if the central bank's actions can slow inflation.



Get ready!

- 1 Before you read the passage, talk about these questions.

- How can governments control financial activities and economies?
- What currencies are used in your country? In nearby countries?

Reading

- 2 Read the newspaper article. Then, mark the following statements as true (T) or false (F).

- Contractionary steps increase the amount of money available.
- Fiat money can be affected by hyperinflation.
- The central bank raised interest rates in order to increase lending.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|-----------------|---|-------------------|
| 1 | — interest rate | 4 | — legal tender |
| 2 | — inflation | 5 | — price stability |
| 3 | — exchange rate | 6 | — central bank |

- | | |
|---|--|
| A | an institution that controls a nation's money supply |
| B | the official currency in a country |
| C | a state in which prices change little over time |
| D | the worth of one currency against another |
| E | a percentage of a loan to be paid by a borrower |
| F | the decrease in value of a currency |

- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 money supply / monetary authority

- A The _____ controls the supply of a country's legal tender.
B The central bank reduced the nation's _____.

2 monopoly / legal tender

- A The central bank has a _____ as the only printer of currency in a country.
B Official currency is called _____.

- 5 Listen and read the newspaper article again. How does the bank hope to boost the exchange rate?

Listening

- 6 Listen to a conversation between an investor and a financial advisor. Choose the correct answers.

- 1 What did the central bank do?
A it sold bonds C it raised the interest rate
B it stopped inflation D it increased the money supply
- 2 What financial action will the man most likely take?
A take out a loan C spend less money
B invest in bonds D request more credit

- 7 Listen again and complete the conversation.

Advisor: The reserve bank is trying to stop inflation by taking 1 _____ steps. It is raising the interest rate and reducing the money supply.

Investor: How does that 2 _____?

Advisor: Basically, higher interest means 3 _____ for borrowers. Which means less money is out there. And with less money, there's less inflation.

Investor: Got it. So 4 _____ my savings? Will I lose money because of this?

Advisor: Usually the government will put out 5 _____. We can invest in those bonds to keep your money secure.

Investor: I'm glad there's a safe option.

Advisor: Of course, that's not a guarantee. We'll have to 6 _____ what happens.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

The central bank raised interest rates ...

How does that stop inflation?

We can invest in ...

Student A: You are an advisor. Talk to Student B about:

- interest rates and inflation
- savings
- recommended investments

Student B: You are an investor. Talk to Student A about inflation and investments.

Writing

- 9 Use the article and the conversation from Task 8 to write a newspaper article on central banks and inflation. Write about: contractionary measures, interest rates, and the money supply.



Mortgage Rates

30-Year Fixed interest rates

4.750 Rate

3.375 -
3.357 -

4.953 APR

3.500 -
3.480 -

interest
rates
contractionary
measures

money
supply

Get ready!

- 1 Before you read the passage, talk about these questions.

- What are some examples of international organizations?
- What are the functions and responsibilities of those organizations?

International Monetary Fund



Reading

- 2 Read this page from a business textbook. Then, complete the table using information from the passage.

Organization	Objectives / responsibilities
IMF	1 _____
European Union (EU)	2 _____
3 _____	resolving conflicts, maintaining world peace
4 _____	protecting oil-producing nations' interests



European Union



ASEAN



European Union



ASEAN

In the world of international

business, international organizations often play important roles. Familiarity with these organizations' functions and responsibilities is crucial to an understanding of global finance.

Some organizations aim to affect trade around the world. The

International Monetary Fund (IMF), located in Washington D.C., aims to promote the expansion of international trade. The **World Trade Organization (WTO)** is based in Geneva, Switzerland. Its goals are to limit trade barriers, and improve the **Gross National Product (GNP)** of some member nations. The **North American Free Trade Agreement (NAFTA)** is an agreement between the United States, Canada, and Mexico. It limits trade restrictions between these countries. **OPEC** aims to protect the interests of countries that produce oil. The **Association of South East Asian Nations (ASEAN)** is a group of Southeast Asian nations who promote economic development throughout their region.

The **United Nations (UN)** was started after World War II. It aims to resolve international conflicts and maintain world peace. The **World Health Organization (WHO)**, an agency of the UN based in Geneva, is devoted to public health. The **European Union (EU)**, a union of European nations, aims to ensure the free passage of goods, people and capital throughout Europe. The **Group of 20 (G20)** includes heads of many of the world's central banks.

In addition to these organizations, numerous **multinational corporations** add to the **complexity** of the world economic scene.

Vocabulary

- 3 Match the objective/responsibility with the correct organization.

1 ____ WTO 3 ____ WHO 5 ____ ASEAN

2 ____ UN 4 ____ EU 6 ____ OPEC

A to ensure free movement of capital throughout Europe

B to limit international trade barriers

C to co-ordinate efforts for public health

D to promote development in Southeast Asia

E to protect the interests of countries that produce oil

F to maintain world peace

- 4 Fill in the blanks with the words and phrases from the word bank.

Word BANK

GNP IMF NAFTA complexity
Group of 20 multinational corporations

- 1 The _____ of the global economy makes changes difficult to predict.
- 2 The _____ of the United States is larger than its GDP.
- 3 _____ eases trade between the United States, Mexico, and Canada.
- 4 The _____ includes governors of several national banks.
- 5 Many _____ have production sites in more than one country.
- 6 The _____ is located in Washington D.C.

- 5 Listen and read the page from a business textbook again. How are NAFTA and the EU similar?

Listening

- 6 Listen to a conversation between a student and a professor. Mark the following statements as true (T) or false (F).

- 1 ___ The UN has mainly financial objectives.
- 2 ___ The EU was formed to create a single market in Europe.
- 3 ___ The UN was responsible for creating the euro.

- 7 Listen again and complete the conversation.

Professor: In general, the UN promotes co-operation between nations. And it tries to establish standards for things like international law, and 1 _____.

Student: So its 2 _____ involve humanitarian issues?

Professor: Among other things, yes.

Student: And what about the 3 _____?

Professor: One main 4 _____ of the EU was to establish a single European market.

Student: What is the purpose of that?

Professor: Well, inconsistent laws from one country to the next were getting in the way of 5 _____.

Student: Is that why the EU created the euro?

Professor: Creating a 6 _____ was definitely part of developing a single market.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

In general, the UN ...

What about ...

One main objective of the EU ...

Student A: You are a professor.

Talk to Student B about:

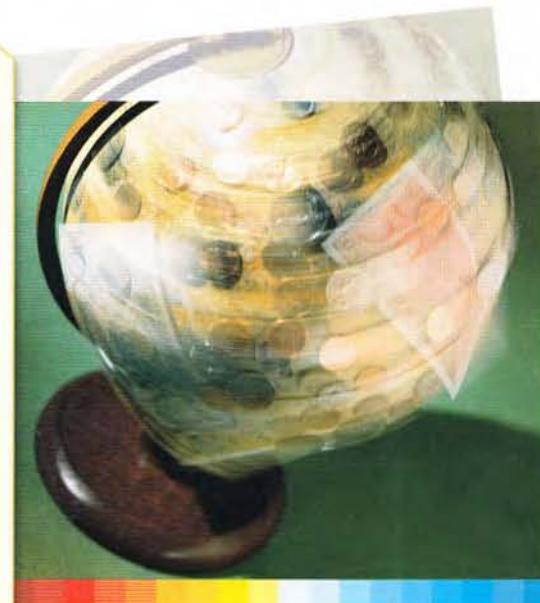
- the United Nations
- the European Union
- objectives and responsibilities

Student B: You are a student.

Talk to Student A about two international organizations.

Writing

- 9 Use the textbook page and the conversation from Task 8 to write a brief comparison between two international organizations. Include the reasons they were formed and responsibilities.



13 Economic indicators



Economic Indicators Show Change

Mark Elming, the leading economist at *Economic Advisor* magazine, revealed his most recent economic forecast. It predicts an end to the current economic **recession**, which was caused by the **collapse** of the housing **bubble** last year. **Lagging, coincident, and leading indicators** alike, he claims, show a positive shift will occur in the near future.

One such indicator is the increase in **labor mobility**. Individuals are experiencing an increase in prospective job opportunities. Mr. Elming declares that **unemployment** is lower than it has been in three years, suggesting consumers have more money to spend. As a result, spending has increased, even though the **consumer price index (CPI)** shows prices remain low.

Another positive indicator is the **trade** sector, in which **exports** rose as **imports** fell. Likewise, numbers look positive in **housing starts** as well. In the past two months, the number of housing projects in production has nearly doubled. These positive factors ease the fear of the recession sliding into a severe economic **depression**. According to Mr. Elming, the economy should experience a **boom** within six months.

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What are some signs an economy is doing well? That it is doing poorly?
- 2 How can you describe a successful economy? A failing one?

Reading

2 Read the article from a financial journal. Then, choose the correct answers.

- 1 What is the article mainly about?
A a report on economic trends
B a warning about a recession
C ways to improve the economy
D signs of an economic bubble
- 2 According to the article, why has spending increased?
A prices have dropped
B unemployment is lower
C the trade sector improved
D the housing bubble collapsed
- 3 What did NOT increase?
A exports C housing production
B labor mobility D unemployment rate

Vocabulary

3 Match the words (1-7) with the definitions (A-G).

- | | | | |
|---|------------------|---|------------------------|
| 1 | — boom | 5 | — housing starts |
| 2 | — bubble | 6 | — unemployment |
| 3 | — collapse | 7 | — consumer price index |
| 4 | — labor mobility | | |
- A the state of not having a job
B the ability to move and find a better job
C the number of houses begun in a time period
D a sudden, rapid growth
E to fail or shrink rapidly
F the measure of average prices paid for products
G an economic disturbance caused by trading products at inflated prices

- 4 Place the words and phrases from the word bank under the correct heading.

Word BANK

leading indicator import trade
 lagging indicator depression recession
 coincident indicator export

Economic Decline	Economic Signs	Exchange Concepts

- 5 Listen and read the article from a financial journal again. Why is the economy in recession?

Listening

- 6 Listen to a conversation between an investor and a financial advisor. Mark the following statements as true (T) or false (F).

- 1 ___ Harris Incorporated is a leader in construction.
- 2 ___ The woman recommends avoiding investments involving trade.
- 3 ___ The man decides to invest in Sustainable Finance.

- 7 Listen again and complete the conversation.

Advisor: The next one is Marshall Alliance.

Investor: And what do they do?

Advisor: Basically, they 1 _____ . But trade is increasing, so they'll do well.

Investor: Okay, that makes sense. So what's the last one?

Advisor: My final suggestion is 2 _____. It's an investment firm that finances environmentally-friendly businesses.

Investor: Now 3 _____ really interesting. But why do you recommend them?

Advisor: Well, I think they will 4 _____. There'll be a high demand for their services, so an investment with them should grow significantly.

Investor: That 5 _____. Are you sure it's a good 6 _____ - _____ investment though?

Advisor: I believe so. I don't think it's 7 _____ bubble.

Investor: Thanks, Laura. I'll let you know when I decide.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

And what do they do?

My final suggestion is ...

Why do you recommend them?

Student A: You are a financial advisor. Talk to Student B about:

- two recommended investments
- why you recommend them

Student B: You are an investor. Talk to Student A about his or her recommendations.

Writing

- 9 Use the article and the conversation from Task 8 to write a letter recommending investments to a client. Include the types of companies and economic indicators that suggest they are good investments.



14 Economic stability

Finance Monthly

June Ed.

Reduced

XS-S

private consumption

Can We Stabilize the Economy?

John Harris

Every business and citizen is facing a problem: the **economy** is out of control. In January, unemployment fell by 2% and **Gross Domestic Product (GDP)** was estimated to increase by 0.5%. But by March, unemployment increased by 3% and estimated GDP fell by 0.9%. But this didn't lead to **deflation**. Instead, the price of oil rose to \$100 per barrel in April. And when oil prices climbed, so too did the prices of almost everything else.

But why such drastic **fluctuations**? The early increases were due to positive economic reports about the coming year. The drops were caused by a sudden decrease in **private consumption**. This contraction in spending was likely due to the lower than expected activity in the real estate market. Because **gross private investment** did not meet expectations, employers **let go of** new hires as stock market values fell. Consumers in turn stopped spending, leading to more layoffs. But what will happen if this trend continues?

The worst-case scenario is that the economy **falls into stagflation**. Prices continue to rise as the economy **struggles** to grow. It's a situation that no one wants. But how can we stop it? We have two options. We could increase **government spending** to combat the **sluggish** economy. But that can worsen inflation. The better choice is to increase the supply of oil. Oil prices would then **stabilize**, along with the price of other products.

Get ready!

- 1 Before you read the passage, talk about these questions.

- 1 What activities make an economy stronger?
- 2 What factors can slow economic growth?



Reading

- 2 Read the magazine article. Then, choose the correct answers.

- 1 What is the article mainly about?
 - a method of creating jobs
 - a changing economy and solutions
 - how an economy entered a depression
 - ways to increase government spending
- 2 Which of the following fluctuations did NOT occur?
 - decreased private consumption
 - higher unemployment rates
 - lower stock market values
 - increased real estate activity
- 3 Why doesn't the author want to increase government spending?
 - It lowers GDP.
 - It increases inflation.
 - It raises the price of oil.
 - It contracts real estate activity.

Vocabulary

- 3 Match the words (1-6) with the definitions (A-F).

- | | | | |
|---|---------------|---|-----------------------|
| 1 | — economy | 4 | — stagflation |
| 2 | — sluggish | 5 | — government spending |
| 3 | — fluctuation | 6 | — private consumption |
- A a state of rising inflation and little or no economic growth
B being slow or not growing quickly
C a system of production and consumption
D a change
E the purchase of goods and services by a government
F the purchase of goods and services by individuals

- 4 Read the sentence pair. Choose where the words best fit the blanks.

1 fell into / let go of

A Tech Inc. _____ three employees today.

B The economy _____ a recession.

2 GDP / gross private investment

A The nation's _____ grows when production increases.

B Lower spending means a lower _____.

3 stabilize / struggle

A Unemployed people _____ to pay bills.

B The economy will _____ when spending increases.

- 5 Listen and read the magazine article again. Why is the price of oil important to the economy?

Listening

- 6 Listen to a conversation between two accountants. Mark the following statements as true (T) or false (F).

- 1 ___ The man disagrees with the author.
2 ___ The woman does not think stagflation will occur soon.
3 ___ Both speakers want to see increased oil production.

- 7 Listen again and complete the conversation.

Accountant 1: Are you talking about the column in Financial Monthly?

Accountant 2: Yes! I thought it was a really 1 _____ of the situation.

Accountant 1: I couldn't agree with you more. The author 2 _____.

Accountant 2: He really did. Although, I don't think the economy will 3 _____ stagflation so quickly.

Accountant 1: No? To 4 _____, it worries me. Oil prices keep rising, and so does unemployment.

Accountant 2: I guess that's true. But I think that 5 _____ is still an option.

Accountant 1: Oh, of course, of course. I'd still like to see oil production increase, though.

Accountant 2: Yeah. Me, too. 6 _____, right?

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Are you talking about the ...

I couldn't agree with you more.

I think that increasing ...

Student A: You are an accountant. Talk to Student B about:

- a financial article
- your opinion of the article
- ways to stabilize the economy

Student B: You are an accountant. Talk to Student A about a financial article.

Writing

- 9 Use the article and the conversation from Task 8 to write an article on economic stability. Include: fluctuations, possible consequences, and solutions.

eco
nomic
stabi
lity
consequences
fluctuations
solutions



The economy hasn't been doing well. But it can be tough to understand what to do about it. It seems like even the economists don't always agree. One day you'll hear an expert call for government intervention. But the next day, a different expert is warning that the government should stay out of business affairs. It's the **debate** between two **theories**: **Keynesian economics** and **Neoclassical economics**. Hopefully, the following explanation of these theories helps you understand why even experts disagree.

The basic idea of Neoclassical economics is that individuals will make **rational** economic decisions. Since people on both sides of a business transaction will act in their **self-interest**, there's no need for the **public sector** to make economic decisions for them. Economist Adam Smith called this behavior the **invisible hand** that guides the economy. Neoclassical economists rely on this argument when they call for a **laissez faire** approach to economics. Individuals, they say, have an **incentive** to run the economy well because it's in their best interests.

Keynesian economics, on the other hand, assumes that the **private sector** is not always rational because too many factors can influence people besides facts. For that reason, Keynesian economists believe that the government should actively participate in the economy. An example of this is the billions in **stimulus** spending many governments have used lately.

Get ready!

- 1 Before you read the passage, talk about these questions.

- What types of economic theories are popular?
- What are some criticisms of economic theories?

Reading

- 2 Read the blog post. Then, complete the chart.

Neoclassical Economics

Who should control the economy?

Support/Reasons:

Who should not control the economy?

Keynesian Economics

Who should control the economy?

Support/Reasons:

Who should not control the economy?

Vocabulary

- 3 Match the words (1-8) with the definitions (A-H).

- | | | | |
|---|-----------------|---|------------------|
| 1 | — rational | 5 | — private sector |
| 2 | — stimulus | 6 | — public sector |
| 3 | — self-interest | 7 | — laissez faire |
| 4 | — incentive | 8 | — invisible hand |

- A a reward or motivation to do something
- B something that benefits a person but not others
- C the part of an economy that works for individual profit
- D a belief that the government should not interfere in business
- E being based upon facts
- F an action intended to increase an activity
- G the part of an economy that is run by the government
- H a self-regulating market force in Neoclassical economics

- 4 Fill in the blanks with the words and phrases from the word bank.

Word BANK

Keynesian economics theory
Neoclassical economics debate

- 1 According to _____, the government should not interfere with business.
- 2 Both sides of the _____ made good points.
- 3 The economist is creating a new _____ on how to stabilize the economy.
- 4 Part of _____ is the belief that people do not always make rational decisions.

- 5 Listen and read the blog post again. Why do experts disagree on a government stimulus?

Listening

- 6 Listen to a conversation between a reporter and an economist. Mark the following statements as true (T) or false (F).

- 1 ___ The woman is writing an article about the professor.
- 2 ___ Neoclassical economists support the new proposal.
- 3 ___ The man agrees with the Keynesian economists.

- 7 Listen again and complete the conversation.

Reporter: Okay. So why do some oppose the stimulus spending?

Economist: It's basic 1 _____. That theory suggests that the private sector can manage the economy better than the government.

Reporter: Let me 2 _____ . It says the government makes worse economic decisions than the private sector?

Economist: Yes, that's 3 _____ .

Reporter: And 4 _____ the other side? The supporters of stimulus spending?

Economist: They follow 5 _____ .

Reporter: And why do they disagree with the Neoclassical economists?

Economist: They 6 _____ that people don't always make rational decisions.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Why do some oppose ...

That theory suggests ...

They follow ...

Student A: You are a reporter.

Ask Student B about:

- a government stimulus plan
- different responses
- his or her opinion

Student B: You are an economist.
Answer Student A's questions.

Writing

- 9 Use the blog and the conversation from Task 8 to write a summary of Neoclassical and Keynesian economics. Include: public sector roles, private sector roles, and how each would respond to stimulus spending.

neoclassical
public
private
sector
roles
keynesian
economics

Glossary

- agent** [N-COUNT-U10] An **agent** is someone who sells insurance policies and sometimes works with policy holders to file claims.
- anticipate** [V-T-U1] To **anticipate** something means to predict or wait for it to happen.
- Association of South East Asian Nations (ASEAN)** [N-UNCOUNT-U12] The **Association of South East Asian Nations (ASEAN)** is an organization of south east Asian countries that work collectively to encourage growth and development throughout the region.
- auto insurance** [N-UNCOUNT-U9] **Auto insurance** is insurance that protects a vehicle in case it is stolen, damaged, or destroyed.
- available** [ADJ-U10] If something is **available** it can be used or is easily obtainable.
- bankrupt** [ADJ-U8] If a company or person is **bankrupt** they are unable to pay their debts.
- bankruptcy** [N-COUNT-U8] **Bankruptcy** is a condition where a business or person cannot pay debts.
- bid** [N-COUNT-U7] A **bid** is an attempt to earn or take something.
- bidder** [N-COUNT-U8] A **bidder** is a person that offers to pay a specific sum of money for something that is being sold.
- boom** [N-COUNT-U13] A **boom** is a sudden rapid growth, development, or progression.
- break-even** [ADJ-U2] If something is **break-even**, its costs are equal to its income.
- break-even point** [N-COUNT-U6] A **break-even-point** is the point at which revenue and expenses are equal, thus there is no profit or loss.
- bubble** [N-COUNT-U13] A **bubble** is an economic occurrence caused by the trade of products at an inflated price.
- business plan** [N-COUNT-U2] A **business plan** is a document that outlines the functional and financial goals of a business as well as how the goals will be achieved.
- buyout** [N-COUNT-U7] A **buyout** is the process of gaining control of a company by buying available parts of the company.
- call in (a) debt** [V PHRASE-U8] To **call in a debt** means to officially demand that a person or business pay back the funds that were lent.
- capital reserves** [N-COUNT-U3] **Capital reserves** are the difference between a company's assets and liabilities.
- central bank** [N-COUNT-U11] A **central bank** is a public institution that controls a nation's money supply, regulates interest rates, and oversees the nation's other banking institutions.
- claim** [N-COUNT-U10] A **claim** is when an insurance policy holder reports an accident, injury, or property damage to the insurance company, and requests money from the company according to the terms of the policy.
- claims adjuster** [N-COUNT-U10] A **claims adjuster** is an insurance company employee who investigates claims to determine available coverage and authorize payment.
- coincident indicator** [N-COUNT-U13] A **coincident indicator** is an indicator that varies directly with the changing economy and gives information about the current economic standings.
- collapse** [V-I-U13] To **collapse** is to fail or shrink rapidly.
- comparison** [N-COUNT-U5] A **comparison** is the process of identifying the similarities and differences between two or more things.
- compensation** [N-UNCOUNT-U9] **Compensation** is the money that is paid to a person by the insurance company for their loss.
- competition** [N-COUNT-U5] **Competition** is a situation in which individuals or companies try to do better than each other.
- complexity** [N-COUNT-U12] **Complexity** is the state of having many interrelated parts, such that understanding and working with them can be difficult.
- consumer** [N-COUNT-U1] A **consumer** is a person who pays money in exchange for a good or service.
- consumer price index (CPI)** [N-COUNT-U13] The **Consumer Price Index (CPI)** is the measure of the average change over time of prices paid for products and goods by consumers.
- contract** [N-COUNT-U5] A **contract** is a legal agreement saying what each party is responsible for doing.
- contractionary** [ADJ-U11] If a monetary policy is **contractionary**, it aims to lower the money supply.
- contribution** [N-COUNT-U2] A **contribution** is something that someone gives to help a person or group.
- control** [N-UNCOUNT-U6] A quality **control** process is something that makes sure things are made correctly.
- cost of goods sold** [N-UNCOUNT-U4] **Cost of goods sold** is the cost a company incurs while gathering its inventory.

cost of sales [N-UNCOUNT-U4] **Cost of sales** is the expense figure for the costs of inventory that a company has sold over a given period. These costs include material purchases, production costs, and the transport of all goods sold.

cover [V-T-U9] To **cover** something is to pay to repair or fix it in the event that it is damaged or destroyed.

CPA [N-COUNT-U3] A **CPA** (Certified Public Accountant) is an accountant who has passed exams and is licensed to give financial advice.

creditor [N-COUNT-U8] A **creditor** is a person, business, or bank that an individual or company has borrowed money from and must pay it back.

current assets [N-COUNT-U3] **Current assets** are assets that can be turned into cash within a year.

current liabilities [N-COUNT-U3] **Current liabilities** are debts that must be paid within one year.

debate [N-COUNT-U15] A **debate** is a discussion in which people present arguments for or against an idea.

declare [V-T-U8] To **declare** something is to officially announce to the public that a situation exists or that something is true.

default [V-I-U3] To **default** is to fail to pay a loan.

deficit [N-COUNT-U8] A **deficit** is the difference between the amount needed and the actual amount that an individual or company has.

deflation [N-UNCOUNT-U14] **Deflation** is a decline in prices caused by a decrease in economic activity.

demand [N-UNCOUNT-U1] **Demand** is the amount of a product that consumers are willing and able to buy at a particular price.

depreciation [N-UNCOUNT-U3] **Depreciation** is a decrease in an asset's value due to age or use.

depression [N-COUNT-U13] A **depression** is a prolonged recession that may last years and has a significant negative impact on the economic state.

determine [V-T-U1] To **determine** something is to have an effect on or control over an outcome.

determine [V-T-U10] To **determine** something is to make a conclusive decision about something.

detracting [V-T-U4] To **detract** is to subtract something from something else.

disability insurance [N-UNCOUNT-U9] **Disability insurance** is insurance that provides financial protection to a person who is hurt and cannot work.

disagree [V-T-U1] To **disagree** with something or someone, means to object to it.

divestment [N-UNCOUNT-U7] **Divestment** is the process of selling parts of a company.

downturn [N-COUNT-U1] A **downturn** is a decrease in the amount of economic activity.

economy [N-COUNT-U14] An **economy** is a system of production and consumption.

efficiency [N-UNCOUNT-U6] **Efficiency** is doing something in a way that does not waste time, money, or energy.

elasticity [N-UNCOUNT-U1] **Elasticity** is the change that occurs to one economic variable due to the effects of another economic variable.

estimate [V-T-U5] To **estimate** is to guess the amount or quantity of something.

estimate [N-COUNT-U10] An **estimate** is an approximation of the costs an insurance policy will cover regarding a particular claim.

European Union (EU) [N-UNCOUNT-U12] The **European Union (EU)** is a union of twenty-seven countries in and around Europe, that standardizes certain political and economic aspects of those countries, to maintain the free movement of goods, services, people, and capital.

exchange rate [N-COUNT-U11] An **exchange rate** is the specified worth of one currency in terms of another.

existing [ADJ-U5] If product is **existing**, then that product is available or being used now.

expect [V-T-U5] To **expect** is to anticipate something that will happen in the future.

expenses [N-COUNT-U4] **Expenses** are any costs associated with production and the operation of a business.

export [N-COUNT-U13] An **export** is a commodity or product sent out to another country.

factor [N-COUNT-U5] A **factor** is one of several things that influences something else and produces a result.

failure [N-COUNT-U8] A **failure** is the closure of a business due to a lack of funds.

fall into [V-PHRASE-U14] To **fall into** a situation is to enter it.

Glossary

- fiat money** [N-UNCOUNT-U11] **Fiat money** is money that is valuable exclusively because it is recognized by a government as legal tender, and has no inherent value otherwise.
- file** [V-T-U10] To **file** an insurance claim is to report an incident to the insurance company and request money according to the insurance policy.
- fixed assets** [N-COUNT-U3] **Fixed assets** are physical things of value that are used for production of goods but are not easily converted to cash, such as property, factories, and machinery.
- fluctuation** [N-COUNT-U14] A **fluctuation** is a change.
- friendly take over** [N-COUNT-U7] A **friendly take over** is a situation in which the management of the targeted company agrees with the takeover by another company.
- good** [N-COUNT-U1] A **good** is an object that can be bought or sold.
- government spending** [N-UNCOUNT-U14] **Government spending** is the purchase of goods and services by a government.
- gross** [ADJ-U2] If something is **gross**, it includes the total amount of money before expenses are deducted.
- Gross Domestic Product (GDP)** [N-COUNT-U14] A nation's **Gross Domestic Product (GDP)** is the monetary value of all items and services made in a country.
- Gross National Product (GNP)** [N-COUNT-U12] **Gross national product (GNP)** is the total value of products and services produced in one year by the residents of a country, and their enterprises abroad.
- gross private investment** [N-UNCOUNT-U14] **Gross private investment** is a measurement of investment that is used to calculate GDP. It includes business purchases for equipment and inventory, as well as real estate purchases.
- gross profit** [N-COUNT-U4] **Gross profit** is the difference between total income, or revenue, and the costs of production, before accounting for overhead and other expenses.
- Group of 20 (G20)** [N-UNCOUNT-U12] The **Group of 20 (G20)** is a group of central bank governors and finance ministers from twenty of the world's leading economies, that convenes to discuss international policy issues and promote international financial stability.
- health insurance** [N-UNCOUNT-U9] **Health insurance** is insurance that provides financial protection to a person in case of sickness.
- hostile take-over** [N-COUNT-U7] A **hostile take-over** is a situation in which the management of the targeted company does not agree with the takeover by another company.
- housing starts** [N-UNCOUNT-U13] **Housing starts** is the number of housing units that construction has begun on in a given time period.
- hyperinflation** [N-UNCOUNT-U11] **Hyperinflation** is inflation that occurs at an extremely high rate, such as 50% a month or higher.
- import** [N-COUNT-U13] An **import** is a commodity or product brought in from another country.
- incentive** [N-COUNT-U15] An **incentive** is a reward or motivation to do something.
- income statement** [N-COUNT-U4] An **income statement** is a statement of a company's financial position that is compiled at the end of an accounting period to show all revenues, costs, and expenses over that period of time.
- inflation** [N-UNCOUNT-U11] **Inflation** is a rise in prices in an economy over time and subsequent lowering of the value of monetary units.
- initial** [ADJ-U2] If something is **initial**, it happens first or at the beginning of something.
- insure** [V-T-U9] To **insure** something is to provide financial protection against loss, harm, illness, or such.
- interest rate** [N-COUNT-U11] An **interest rate** is a percentage of the principal amount of a loan, paid by the borrower to the lender.
- International Monetary Fund (IMF)** [N-UNCOUNT-U12] The **International Monetary Fund (IMF)** is an organization created to stabilize global exchange rates, and promote the expansion of international trade.
- inventory management** [N-UNCOUNT-U6] **Inventory management** is a process of making sure a company has the goods and materials it needs when it needs them.
- investigation** [N-COUNT-U10] An **investigation** is a gathering of information about something.
- invisible hand** [N-UNCOUNT-U15] The **invisible hand** is used to describe self-regulating market forces.
- just-in-time approach** [N-UNCOUNT-U6] A **just-in-time approach** is a system of inventory management that orders only the necessary amount of supplies just when they are needed to minimize storage costs and losses.

Keynesian economics [N-UNCOUNT-U15] **Keynesian economics** is an economic theory based on the ideas of John Maynard Keynes that suggests the public sector should take an active role in stabilizing economies instead of allowing the private sector and the business cycle to do so.

labor mobility [N-UNCOUNT-U13] **Labor mobility** is the ability of workers to move between industries and locations to obtain better wages or better working conditions.

lagging indicator [N-COUNT-U13] A **lagging indicator** is an indicator that changes after the entire economy shifts, giving information about past economic standings.

laissez faire [N-PHRASE-U15] **Laissez faire** is a French phrase that is used to describe the belief that government should not interfere with economic matters.

leading indicator [N-COUNT-U13] A **leading indicator** is something that tells us about the changing activities in the economy before the entire economy shifts.

legal structure [N-COUNT-U2] A **legal structure** is an official type of business that defines the business's ownership and tax status.

legal tender [N-UNCOUNT-U11] **Legal tender** is an official, legal, and legitimate currency in a given place.

let go of [V-PHRASE-U14] To **let go of** an employee is to end his or her employment with a company.

license [N-COUNT-U2] A **license** is an official authorization for someone to do something.

life insurance [N-UNCOUNT-U9] **Life insurance** is insurance that provides financial protection to a person's family if he or she dies.

liquidate [V-T-U8] To **liquidate** means to close a business and sell all of its things in order to pay off its debts.

liquidation [N-COUNT-U8] A **liquidation** is the act of closing down a business by selling its things in order to pay its debts.

location [N-COUNT-U2] A **location** is a particular place.

long-term liabilities [N-COUNT-U3] **Long-term liabilities** are debts that are due over a year from the current date.

loss [N-UNCOUNT-U10] **Loss** is the financial cost of accidents, injuries, or property damage, the risk of which insurance is designed to limit.

margin [N-UNCOUNT-U2] A **margin**, or profit margin, is the difference between the selling price of something and the amount of money required for the seller to make or buy it.

minimize [V-T-U6] To **minimize** is to reduce the quantity of something to as little as possible.

monetary authority [N-COUNT-U11] A **monetary authority** controls the supply of a certain currency. It can be one nation's central bank or control a currency for several nations.

monetary value [N-UNCOUNT-U10] **Monetary value** is the amount of money that something is worth.

money supply [N-UNCOUNT-U11] **Money supply** is the total amount of money that is available in an economy, including currency in circulation and accessible funds on record in banks.

monopoly [N-COUNT-U11] A **monopoly** is the possession of complete control over a particular product or service by one individual or company, which gives that entity the power to regulate the price and supply of that product or service.

multinational corporations [N-COUNT-U12] **Multinational corporations** are business corporations whose services and sites of production are located in more than one country.

Neoclassical economics [N-UNCOUNT-U15] **Neoclassical economics** is an economic theory that individuals in the private sector can best lead the economy.

net profit [N-UNCOUNT-U4] **Net profit** is the measure of business's profitability, or the difference between revenue and total expenses.

net sales [N-UNCOUNT-U4] **Net sales** is the amount of money a business receives for its products or services, after accounting for discounts, returns, and damaged goods.

North American Free Trade Agreement (NAFTA) [N-UNCOUNT-U12] The **North American Free Trade Agreement (NAFTA)** is an agreement between the United States, Mexico, and Canada that liberalizes trade between the three countries.

offer [N-COUNT-U7] An **offer** is an amount of money that a person or company is prepared to pay for something.

operations [N-COUNT-U6] **Operations** are the ongoing activities that keep a business running, also known as business processes.

Glossary

- OPEC** [N-UNCOUNT-U12] **OPEC** (Organization of Petroleum Exporting Countries) is an organization of twelve oil producing countries that was created to protect the interests of its member nations and maintain stability of the global price of oil.
- outstanding** [ADJ-U8] If a debt is **outstanding**, it has not been paid.
- overhead** [N-UNCOUNT-U4] **Overhead** is all the costs associated with business operations, but not directly related to the products themselves.
- overproduction** [N-UNCOUNT-U1] **Overproduction** of something means there is not enough demand for it and therefore there is too much of the good or service in the market.
- parent company** [N-COUNT-U7] A **parent company** is a company that owns enough stock in a second company to control management of the second company.
- partnership** [N-COUNT-U2] A **partnership** of a business means that it is owned by more than one person.
- past sales** [N-COUNT-U5] **Past sales** are the number of products or services sold before now.
- permit** [N-COUNT-U2] A **permit** is a document that gives someone authorization to do or use something.
- plant** [N-COUNT-U3] A **plant** is the physical location of a business.
- policy** [N-COUNT-U9] A **policy** is a contract with a company stating what they will provide for you, when, and at what cost.
- policy holder** [N-COUNT-U10] A **policy holder** is someone who purchases an insurance policy.
- policy number** [N-COUNT-U10] A **policy number** is a series of numbers and or letters that identifies an insurance policy holder's specific account with an insurance company.
- predict** [V-T-U5] To **predict** is to guess what will happen in the future.
- premium** [N-COUNT-U9] A **premium** is the annual amount that customers pay to maintain an insurance policy.
- price** [N-COUNT-U1] A **price** is the amount of money necessary to purchase something.
- price stability** [N-UNCOUNT-U11] **Price stability** is a situation when prices in an economy change little over time.
- pricing policy** [N-COUNT-U5] A **pricing policy** is a standard that a company uses to set wholesale and retail prices.
- private consumption** [N-UNCOUNT-U14] **Private consumption** is the purchase of goods and services by individuals.
- private sector** [N-UNCOUNT-U15] The **private sector** is the part of an economy that is private and works for non-public profit.
- profits** [N-UNCOUNT-U2] **Profits** are the amount of money that is earned in business after expenses are paid.
- profit and loss account** [N-COUNT-U4] A **profit and loss account** is a statement of a company's financial position that is compiled at the end of an accounting period to show all revenues, costs, and expenses over that period of time.
- property insurance** [N-UNCOUNT-U9] **Property insurance** is insurance that provides financial protection to a home or business and the property within it.
- protect** [V-T-U9] To **protect** is to keep something safe from loss, harm, illness, or such.
- public sector** [N-UNCOUNT-U15] The **public sector** is the part of an economy that is run by the government.
- quality control** [N-UNCOUNT-U6] **Quality control** is the process by which a company ensures that its products or services meet its quality standards.
- quantity** [N-COUNT-U1] A **quantity** is a certain amount of something.
- quick ratio** [N-COUNT-U3] A **quick ratio** is a measure of a company's liquidity that compares current liabilities and current assets.
- rational** [ADJ-U15] If a decision is **rational**, it is made by considering facts alone.
- receiver** [N-COUNT-U8] A **receiver** is the person who is officially responsible for a business or company that is bankrupt.
- receivership** [N-UNCOUNT-U8] **Receivership** is when a company is directed by an official receiver because it has no funds.
- recession** [N-COUNT-U13] A **recession** is a period of general decline in activity across the economy.
- reserve bank** [N-COUNT-U11] A **reserve bank** is a central bank. It controls a nation's money supply.
- restructure** [V-T-U8] To **restructure** means to change the way in which a business is organized.
- retained profit** [N-UNCOUNT-U3] **Retained profit** is the profit that is earned but not spent.
- revenue** [N-UNCOUNT-U4] **Revenue** is income that a company receives through normal business operations such as the sale of its product.

sale [N-COUNT-U1] A **sale** is an act in which an object is exchanged for money.

sales forecast [N-COUNT-U5] A **sales forecast** is a prediction of the number of sales a company will get by a certain point in time.

sales revenue [N-UNCOUNT-U2] **Sales revenue** is total income from sales after costs.

seasonal trend [N-COUNT-U5] A **seasonal trend** is a general upward or downward movement of statistical figures over a period of time.

self-interest [N-COUNT-U15] A **self-interest** is a situation or goal that benefits a person without any consideration of what benefits others.

shut down [V PHRASE-U8] To **shut down** a company is to stop all operations either permanently or temporarily.

sluggish [ADJ-U14] If an economy is **sluggish**, it is slow moving and not growing quickly.

sole proprietor [N-COUNT-U2] A **sole proprietor** means that a business is owned by one person only and they have the legal and financial responsibility for that business.

spending [N-UNCOUNT-U1] **Spending** is the total amount of money spent on something.

stabilize [V-T-U14] To **stabilize** is to stop fluctuating or become normal after a period of dysfunction.

stagflation [N-UNCOUNT-U14] **Stagflation** is a situation in which an economy experiences slow growth, high unemployment, and inflation, all at once.

startup [N-COUNT-U2] A **startup** is a small business that has been recently created.

stimulus [N-COUNT-U15] A **stimulus** is an action intended to increase a certain activity.

storage [N-UNCOUNT-U6] **Storage** is the act of keeping something in a certain place for later use.

strategic business unit [N-COUNT-U6] A **strategic business unit** is a unit within a company that operates as a business partially independent from the main company.

strategy [N-COUNT-U6] A **strategy** is a series of actions planned to accomplish a goal.

struggle [V-I-U14] To **struggle** is to proceed with great difficulty.

supply [N-UNCOUNT-U1] A **supply** is the total amount of a purchasable object.

supply [V-T-U1] To **supply** is to make an amount of goods available to someone.

supply chain [N-COUNT-U6] A **supply chain** is a system of activities and organizations that moves raw materials and goods into and out of a company.

surplus [N-COUNT-U1] A **surplus** is amount that is more than what is necessary or normal.

take-over [N-COUNT-U7] A **take-over** is the act of gaining control of a company or organization.

target [N-COUNT-U7] A **target** is a person that another person or company is trying to control.

tender offer [N-COUNT-U7] A **tender offer** is an offer to buy enough shares in a company for the buyer to take control of the company.

term [N-COUNT-U9] The **term** is the length of an insurance policy.

theory [N-COUNT-U15] A **theory** is an explanation of events based on observations.

trade [N-UNCOUNT-U13] The **trade** sector is where buying and selling goods within a country or between countries takes place.

trend [N-COUNT-U1] A **trend** is the general course in which something is heading.

unemployment [N-UNCOUNT-U13] **Unemployment** is the state of not having a job.

United Nations (UN) [N-UNCOUNT-U12] The **United Nations (UN)** is an international organization created to facilitate cooperation and communication between countries in settling issues of international law, human rights, and global development.

volume [N-UNCOUNT-U5] **Volume** is the total amount of something.

white knight [N-COUNT-U7] A **white knight** is a someone who saves a person or company from an undesirable situation, such as being controlled by another company.

working capital [N-UNCOUNT-U3] **Working capital** is current assets minus current liabilities, and can be used in operations.

World Health Organization (WHO) [N-UNCOUNT-U12] The **World Health Organization (WHO)** is an agency of the United Nations that works to promote the health of the world's population by organizing efforts to control outbreaks of disease.

World Trade Organization (WTO) [N-UNCOUNT-U12] The **World Trade Organization (WTO)** is an organization created to oversee and liberalize international trade.



Finance

Career Paths: Finance is a new educational resource for finance professionals who want to improve their English communication in a work environment. Incorporating career-specific vocabulary and contexts, each unit offers step-by-step instruction that immerses students in the four key language components: reading, listening, speaking, and writing. **Career Paths: Finance** addresses topics including banking, investing, careers, business operations, and insurance.

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